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INDUSTRIAL RELATIONS AND PERSONNEL PROBLEMS

A Study with Particular
Reference to Bombay

by

K. A. ZACHARIAH



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FOREWORD

Dr. Zachariah's thesis on Industrial Relations which the Bombay University has approved for the degree of Ph.D. is an excellent study of the subject and is a clear and interesting presentation of the problems involved and the attempts made to meet them.

The rapid advance of democratic ideas in India since the attainment of Independence and the urgent need for increased industrial production have created a new awareness in the country of the importance of good industrial relations. While much has been done by the Government as well as by employers to provide better conditions of work and to promote greater harmony, the problem still remains fundamentally one of human relations. A desire for due recognition of the worth of human personality and an instinctive craving for human fellowship continue to be the basic factors governing the problem. Such experience as I have had of labour matters in large industries makes me think that there is hardly any conflict of importance between labour and management so intractable that it will not respond to an honest human approach.

Dr. Zachariah does well to stress this point ; and if I may sum up the underlying trend of his thesis, it is that while Governmental machinery and welfare organizations play an important part in industrial relations, we shall do well not to forget that the individual worker is a human being with emotional and spiritual impulses and that if we are so short-sighted as to bestow on their

satisfaction less care and attention than on the maintenance of plant and machinery, we do so at our peril.

JOHN MATTHAI

Bombay

23rd November, 1951

PREFACE

This thesis is the result of prolonged study and research in employment relationships. It surveys the factors affecting industrial relations, examines the causes and manifestations of industrial disharmony, appraises the efforts of the State and the employers to establish industrial peace, and explores the possibility of an enduring harmony in the industrial realm.

Industrial relations is a complex problem of organic character and is not always amenable to mechanical approach. The human factor counts a lot here and human understanding must be the main plank of approach to the problem of industrial relations. This is the principal point which the author tries to emphasize. Harmonious industrial relations can be a powerful stimulus to output and so no country, much less ours, can afford to overlook the factors that lead to frequent industrial conflicts.

A good deal of the findings of this study is based on a sample survey of manufacturing undertakings in Bombay, which served to supplement published information. That the sample survey was confined to Bombay would not limit the value of the findings inasmuch as the difference in the character of industrial relations between Bombay and other centres in India was only in degree and not in kind. The employers responded to the inquiry in varying degrees. There were several employers who did their best to furnish adequate and reliable data. At the opposite extreme, misgivings of certain employers made it impossible to collect data from their organizations. A more sympathetic and co-operative attitude on the part of the industrialists will prove highly helpful in carrying out such research studies which

are bound to be of benefit even from the narrow point of view of the industrialist, no less than from the larger human point of view which can be ignored only at our peril in the words of Dr. John Matthai.

C. N. VAKIL

Bombay

17th August 1953

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K. A. Z.

CONTENTS

	<i>Page</i>
FOREWORD	By Dr. JOHN MATTHAI
PREFACE	By Prof. C. N. VAKIL
ACKNOWLEDGMENTS	
THE PROBLEM IN PERSPECTIVE	1
A Short Historical Retrospect	1
The Two Phases of Industrial Relations ...	4
A Multiple Socio-Scientific Approach ...	7
REMUNERATION FOR WORK	9
The Employer's Financial Limitations ...	9
Regulation of Wages	11
Incentives to Work	14
Profit-Sharing Bonus	15
WORKING CONDITIONS	18
Hours of Work	18
Industrial Fatigue	20
Physical Environment of Work	22
WELFARE SERVICES	27
Meaning of Welfare	27
Motivations of Welfare Work	28
Welfare Services in Bombay	30
Cost of Welfare Programmes	35
State-sponsored Programmes	38
Evaluation of Industrial Welfare	40
INTER-PERSONAL RELATIONS	44
Top Management and Decision-Making ...	44
Inter-Personal Relations Among Management Personnel	47
Violent Worker Reaction	49
Team Work is Much Needed	52

	<i>Page</i>
INDUSTRIAL ABSENTEEISM	57
Incidence of Absenteeism	57
Causes of Absenteeism	58
Significance of Absenteeism	65
The <i>Badli</i> System	67
Decasualization Scheme	69
PERSONNEL MOBILITY	74
Definitions	74
Incidence of Labour Turnover	77
Significance of Labour Turnover	80
Reducing Labour Turnover	82
Intra-Firm Personnel Mobility	85
ECONOMIC SANCTIONS	88
Strikes and Lockouts	88
Frequency of Economic Sanctions	90
Duration and Severity	92
Major Issues	97
Effect of Worker-Concentration	102
Influence of Economic Climate	106
UNION-MANAGEMENT RELATIONS	111
Labour Union Movement	111
Second World War and After	113
Inter-Union Rivalry	116
Employer Associations	120
Degree of Organization	121
Tripartite Consultation <i>(Under Royal Commission)</i>	125
Joint Consultation at the Factory Level	127
MEDIATION AND CONCILIATION	131
Mediation	131
Conciliation Machinery	133
Success of Conciliation Work	136
COMPULSORY ADJUDICATION SYSTEM	142
Wage Boards	142

	<i>Page</i>
COMPULSORY ADJUDICATION SYSTEM—(Contd.)	
Labour Courts ...	146
Bombay Industrial Court ...	149
Arbitration by Industrial Court ...	151
Adjudication under Central Law ...	156
Central Appellate Authority ...	158
Appraisal of Industrial Awards ...	160
Political Implications ...	166
INDUSTRIAL HARMONY ...	175
Measurement of Industrial Disharmony ...	175
Can the State Enforce Industrial Harmony ? ...	180
Achievement of Industrial Harmony ...	183
APPENDICES ...	187
Note on the Random Sample ...	187
Questionnaire ...	190
SELECT BIBLIOGRAPHY ...	199
INDEX ...	203

The Problem in Perspective

THE conflicts at present characterizing the relations between employers and employees constitute one of the knottiest problems facing the economy of our country. The needs and aspirations of the employees often run counter to the resources and abilities of the employers. The hindrances to social and material progress have contributed to a thwarting of the aspirations of industrial workers. This thwarting has generated industrial dissatisfaction. Moreover, the conflict of economic interests between the employers and the workers has made industrial relations anything but harmonious. In this initial chapter we shall briefly discuss the historical background of the problem of industrial relations, the important phases of the problem, and the multiple socio-scientific approach to it.

A Short Historical Retrospect

The problems of employer-employee relations existed even in the misty past almost ever since one man started employing another. As the years rolled by, the problem assumed accelerated importance. Throughout the entire period of history, the character of employment relationship has been changing, surely, if slowly. From slavery to serfdom, and from serfdom to master-servant relationship, the change in the character of employment relations has been profound. The introduction of the factory system of manufacture

marked yet another stage in the development of employment relations. The growth of big factories required a large-scale shift of population to the new industrial towns. The growth of industrial towns was fatal to the system of "caste and status." The age of caste and status came to a virtual end in the industrial cities as a result of the dynamism in economic relationships introduced by the industrial revolution. Consequently, the old master-servant relations gave place to an improved version of the same thing, called employer-employee relations.

The revolutionized economic system gave the industrial worker opportunities to change his occupation, if he liked, or to seek employment under a different employer. The mobility of labour, which was so difficult in the days of status, became relatively very easy. The freedom to change the employer, which the industrial worker achieved, marked a great landmark in the development of industrial relations. Yet, it was through labour mobility that the labour problem first became significantly manifest.

To attract and retain the right type of workers was the first big labour problem for the industrialist in India. He "solved" this with the jobber system. The jobber, muk-kadam, or sardar—call him what you like—became the chief figure in labour market operations. The jobber was the specialist in labour recruitment who knew how to tap labour supply from the rural and semi-rural areas. He was particularly indispensable in times of uncertain labour supply. Moreover, he was the specialist in labour management too. Nobody could manage the workers he recruited better than he, for he knew their native language and he could understand their problems better than anyone else. His indispensability gave him wide powers to handle labour as he liked. The powers and responsibilities of the jobber in the late

nineteenth century were in fact very much more than those of the personnel executive of today.

Despite the autonomy enjoyed by the jobber, he was after all the agent of the employer to whom he was finally responsible. The employer had the power to change the jobber and to dictate the terms and conditions of employment. The jobber himself hailed from the working class, or to be more precise, from the upper-lower class. He had little of education and unfortunately did not even show much of civic sense or possess integrity of character. He did not have any feeling of social responsibility, nor did he possess abilities to effect amelioration of labour conditions.

The entrepreneur too did not worry about labour conditions as long as the production process continued without hindrance. He did not have any profound insight into labour problems and little did he realize that the social phenomena of high labour turnover, frequent absences from work, and poor productive efficiency, were all covert manifestations of industrial dissatisfaction and disharmony.

Till the beginning of the First World War, employer-employee relations in Indian industry continued to be characterized by *silent* industrial unrest. This was interpreted by superficial observers as the "placid and pathetic contentment of the masses."¹ However, the First World War brought in its trail a series of changes of far-reaching consequences. The inauguration of trade unionism in India in 1918 and the general awakening of the industrial proletariat, resulted in overt manifestations of industrial disharmony. Moreover, Mahatma Gandhi's appearance on the political arena had its influence on the growing industrial proletariat. From him working men imbibed not his non-violence but the courage

¹ A phrase first coined by E. S. Montague, a former British Secretary of State for India. Quoted by B. Shiva Rao: *The Industrial Worker in India*, p. 37.

and grit to oppose established authority. Furthermore, several other prominent national leaders like Jawaharlal Nehru, Subhas Chandra Bose, and Vallabhbhai Patel were associated with the labour union movement. And the spread of dialectical materialism provided an added impetus to the labour movement. All in all, the emergence of powerful labour unions, capable of exercising economic sanctions such as strikes, opened a new phase in employer-employee relations. The growth and development of labour organizations rendered the expression "employer-employee relations" inadequate ; and hence the more pretentious term "industrial relations."

Along with the growth of trade unionism, through the twenties and thirties, the freedom of industrial relations was gradually developing. During this period, phenomenal strides were made towards the collectivization of employment relations, despite the portentous factions in the labour union camp. However, before the trade union movement could pass on from the juvenile stage to manhood and maturity, the Second World War broke out. In its efforts to mobilize the war potential, the British Indian Government held in abeyance the hard-won freedom of industrial relations. This lost freedom has not yet been regained.

The Two Phases of Industrial Relations

Industrial relations fall under two heads : personnel relations and labour relations. Though not strictly mutually exclusive, the two phases may be distinguished as follows. The subtle distinction between " personnel " and " labour," evolved by usage, is that personnel refers to individual workers, while labour refers to the collectivity of workers. The relationship between organized labour and employers is known as labour relations, and is the second phase of industrial relations. The first phase of industrial relations is personnel

relations which used to be described earlier as employer-employee relations. Personnel relations are essentially on the individual level, while, on the contrary, labour relations are collective.

Probably an illustration may help to clarify the distinction between the two expressions in question. In December 1949, an interesting incident took place in a public utility undertaking in Bombay. A supervisor, on a slight provocation, beat a worker. On hearing about this incident an official of the workers' union formally wrote to the management deplored this unfair treatment. When the chief engineer was informed of these developments, he called in the "victimized" worker and made him say that the union officials had no business to interfere in the matter, as the worker never wanted the union to represent him.² Thus, the intervention of the union was cleverly short-circuited. This case is helpful to our understanding of the subtle difference between

²The conversation between the chief engineer and the worker is reproduced here.

Chief Engineer: "I know you have been badly treated by the Supervisor. He was wrong in beating you. If you press the matter, we may take disciplinary action against the Supervisor. But when we do that, we will take action against you too, for your irresponsible absence from work on the 17th."

Worker: "Sir, that's a mistake. I won't repeat."

Chief Engineer: "O.K. You did one mistake. The Supervisor did another. We are ready to pardon both of you. Will you be satisfied?"

Worker: "Yes, Sir."

Chief Engineer: "When this matter could be settled so easily, why did you run up to the Union Secretary?"

Worker: "No, Sir, I didn't. He came to know of the incident through Hari who happened to be present there."

Chief Engineer: "Anyhow you don't want this matter to be taken up by the Union. Do you?"

Worker: "No, Sir."

personnel relations and labour relations. The incident was really outside the pale of labour relations, for the attitude of the worker made all the difference. Nevertheless, when a union official effectively steps in, the matter becomes at once one of labour relations.

The incident narrated above is suggestive of a significant trend in present-day industrial relations. Labour unions increasingly question managerial actions and authority. They emerge as the guardians of workers' rights, although on many occasions their intervention is rendered ineffective. But, it is not always that the aggrieved worker yields to the management ; the individualized employer-employee relations sometimes transform themselves into labour relations on a collective level. The growth of labour organizations and employer associations emphasizes the increasingly collectivized character of modern industrial relations.

The trend towards collectivism does not render obsolescent the more basic inter-personal relationship between the worker and the management. The demerits inherent in the individualized relationships are what give rise to the tide of collectivism. Once the relations between the individual workers and the management are rehabilitated on a sound foundation, problems of labour relations would not be very formidable.

The problems of personnel relations and labour relations are so much intertwined that one cannot be tackled effectively without tackling the other. Employers in India have rarely given adequate attention to the problems in personnel relations or to their harmful repercussions. Attention was confined to the problems arising out of labour organization ; yet, their policy towards unions was not right generally. They were hostile to labour unions and they victimized the employees who took prominent part in union activities. In doing

so, the employers, to speak metaphorically, were attempting to cure the symptom which they mistook for the disease.

A Multiple Socio-scientific Approach

The economic and non-economic factors effecting industrial relations deserve serious consideration. To help understand fully the causes of poor industrial relations and the manifestations of industrial dissatisfaction and the ways and means of achieving industrial harmony, one has to develop a correct perspective by a multiple socio-scientific approach. Although the problem is basically one of economic relationships, its political, social, and psychological aspects deserve attention. The synthesizing of the different socio-scientific points of view is necessary to portray a complete picture of industrial relations.

Let us take, for instance, a labour strike. It is fundamentally an economic weapon. It is a means of collective bargaining. The peculiar circumstances of the labour market make individual bargaining difficult. The unequal bargaining power of the employment-seeker, relative to that of the employer, puts the former at a strategic disadvantage. After accepting employment on the terms and conditions dictated by the employer, the workers, therefore, get together and bargain collectively with the employer. Collective bargaining without the exercise of economic sanctions is not always possible. The strike weapon is used by the workers to effect improvement in their material standards, to earn more wages, and to secure better conditions of work.

Apart from the economic aspects of the strike, the conflict between these power blocs is politically significant. A widespread and general strike may tantamount to setting at naught the authority of the State, particularly when such a strike is prohibited by law. The increasing degree of State intervention in the relationships between capital and labour em-

phasizes the political significance of industrial relations. Furthermore, the strike has its legal and juridical aspects.

The social significance of the strike is that it is the result of a social cleavage and lack of understanding between the workers and the management. The change in the interpersonal relationships resulting in the depersonalization of worker-management contacts is the social factor precipitating strikes. Again, the psychological significance is that the attitudes animating the rank and file of workers establish the emotional tone required for a successful labour strike. It cannot be gainsaid that the strike is the consummation of the workers' sentiments that react unfavourably to the attitudes and policies of the management.

In short, all the social sciences have contributions to make towards a better understanding of the problem of labour strike. Likewise all the problems in the relations between labour and management can be studied, analysed, criticised, and interpreted from the point of view of each of the social sciences. Yet, a compartmentalized study will be harmful, in as much as the "fragmentation of sciences" is ruinous. What is required is the synthesizing of the different socio-scientific points of view. In any study of industrial relations, therefore, one ought to be guided by a multiple socio-scientific approach, and not to be confined within the arbitrary bounds of any one science.

Remuneration for Work

EVERY worker wants to prosper in life. Material advancement is a dominant aspiration of the industrial worker. Because of his complete dependence on employment for his livelihood, the remuneration for work provides his entire purchasing power. His needs such as food, clothing, shelter, medical aid, education, recreation, social and religious functions, all should be met from what he earns by work. It is to meet these normal requirements that the worker chooses to sweat and toil for the benefit of his employer at all times and in all places. The worker seeks to get increased remuneration so that he may satisfy his wants in an adequate manner.

The Employer's Financial Limitations

The workers' aspirations to live a full life by earning sufficient remuneration cannot always be fulfilled, because the employer cannot raise wage rates beyond what his financial condition permits. However much the employer may want to maintain peaceful industrial relations, he will not be in a position to follow the line of least resistance when the workers ask for wages beyond his capacity to pay. It is on account of this financial limitation that the employer fails to give higher and higher remuneration to the workers. While the workers' aspirations are unlimited, the employer's ability to pay is limited. Therefore, the employer's resistance to the workers' demand for "more and more wages" precipitates

strong industrial differences which show themselves up in industrial unrest.

Wages constitute an important element of industrial costs. The ratio of expenditure on wages to the total expenditure varies from industry to industry and from place to place, depending mainly upon the degree of mechanisation. Excepting some very few undertakings where the process of production is almost entirely automatic, an overwhelmingly large majority of undertakings finds that wages constitute a big slice of the expenses of production. In the cotton textile industry in Bombay, for instance, wages (including allowances) on an average account for 35 per cent of the total recurring expenses of production. An increase in wage rates, therefore, will increase the expenses of production substantially.

The increase in the expenses of production must be neutralized by other factors so as to maintain the profitability of the enterprise. If man-hour productivity can be raised, the rise in the expenses of production can be offset. By merely raising wage rates, the productivity may not rise appreciably, for the worker's pay is not the prime variable determining the changes in productivity. More efficient management and organization, heavy capital equipment, labour-saving devices, and time-and-motion study, are all important factors affecting changes in productivity.

Since wage increase by itself does not adequately influence labour productivity, increases in the expenses of production will entail increases in the unit cost of production. Prices of the products remaining constant, increases in the unit cost of production will reduce the profit margin or may even cause losses. The entrepreneur will then try to pass on the increased cost in the form of higher prices. A rigid governmental control of prices or the disappearance of the seller's market, will stand in the way of the entrepreneur's revising the

prices upward. These limitations will force him to resist labour's demand for higher wage-rates.

If the entrepreneur is free to make price changes as he wishes, that is, if he can sell his products at the prices he fixes, he may revise the prices upward, in the event of wage increases outpacing increases in productivity. As general price increases will eventually offset any increase in money wages, it can be concluded that the ultimate basis for raising real wages is the increase in labour productivity.

Regulation of Wages

The State intervention through compulsory adjudication of the conflicts of interests between capital and labour has *inter alia* given rise to the governmental fixation of wage-rates. The basic wage-rates awarded by the adjudicators provided usually minimal scales of pay, occupation-wise and industry-wise. When such arbitrary wage-rate setting is made, it is quite likely that certain occupations would get relatively lower pay scales, while certain others would get higher pay scales than what they deserve.

Nevertheless, "fairness" has been a basic consideration in wage fixation by arbitral awards. The question as to what constitutes a fair wage is difficult to answer; for fairness is a relative concept rather than an absolute one. A worker considers his wage for a good day's work as fair only when it is equal to the wage normally paid for the same or similar work in the same undertaking or in other undertakings. It is indeed fair and reasonable that workers doing identical work which calls for the same degree of physical and mental effort, skill and responsibility, should be paid at a uniform rate.

The standardization of wages in the cotton textile industry in Bombay State is a typical instance where the State has succeeded in bringing about uniformity in the wage-rates

within occupations. A standard occupational nomenclature was arrived at, and standard wages were fixed for each occupation. In consequence, inter-plant wage differentials within occupations have been so narrowed that they now tend to zero. Though this is quite a landmark in wage regulation, there is this drawback that occupations themselves are not standardized. That wage rates are standardized without a standardization of the load and performance of work is the snag about the whole scheme. Although uniform job specification and standardization is difficult of accomplishment among all the mills, it is possible to classify the jobs according to the difficulty and content of each job. Only through a system of scientific job classification can the standardization of wages achieve its purpose.

More difficult than fixing wage-rates for jobs carrying the same name, but with differing job content, is the fixation of inter-job differentials. It is observed in many cases that certain jobs requiring greater effort and responsibility carry lower pay than certain other jobs requiring less of effort and responsibility. Such lack of fairness is a source of industrial discontent. It is only fair and reasonable that jobs requiring greater skill, effort, and responsibility, should be paid higher. Job requirements should, therefore, determine wage and salary grades. Additionally, the disagreeableness or attractiveness of each job needs to be compensated for.

In other words, scientific job evaluation is imperative to any comprehensive scheme of wage standardization. The work of evaluating the job is carried out by measuring the job characteristics such as physical and mental effort, skill, responsibility, and job conditions. The measurement of these characteristics is most efficiently done through point-rating. The total number of points for each job shows the value of the job. The work of converting point-values into rupees and

annas may be done by collective bargaining or adjudication. The achievement of the objective of paying "fair wages for a fair day's work" is ultimately possible only through a scientific system of job evaluation.

The monetary equivalent of job evaluation points, though open to periodic changes through collective bargaining or adjudication, ought to be kept constant. To compensate for price changes and to maintain real wages, it is better to pay subsidiary wages in the shape of dearness allowance and the like.

The fixing of dearness allowance rates is as important as basic wage fixation. For the worker's "take home pay" is determined by both wages and allowances. Today in many industries, unskilled workers get more money as dearness allowance than as basic wages. The dearness allowance rate for the unskilled worker in the cotton textile industry in Bombay and in several other places is so linked to the cost of living index that changes in the latter are nearly offset by changes in the former. This system of dearness allowance is peculiar in as much as there is no differentiation between skilled and unskilled workers in the payment of dearness allowance, the quantum of money being the same for all categories of workers.

This structure of dearness allowance rates leads to the following consequences. In times of rising cost of living, the inter-job differentials in "take home pay" become increasingly narrow. And in times of falling cost of living, the differentials become wider. Although a certain degree of narrowing of the differentials is not harmful, beyond a certain limit further narrowing would be resented. Too narrow wage differentials kill the incentive for work in all occupations. While the lower rung of workers loses the incentive to secure promotions, the skilled workers find that the percentage

difference between their pay and that of the unskilled workers dwindles as prices rise. Thus the equitability which is stressed in basic wage fixation is nearly offset by the lopsidedness arising from the structure of dearness allowance rates. Therefore, a graduated schedule of dearness allowance rates which will help to maintain desirable wage differentials is imperative. While accepting the principle that higher wage groups should undergo relatively higher reduction in real earnings, it must be stressed that the amount of dearness allowance should have some reference to the basic wages. The percentage neutralization of the rise in the cost of living may, however, progressively diminish as the basic wage rises. Yet, in a graduated schedule of dearness allowance rates, the quantum or amount of dearness allowance rises progressively as the basic wage rises. Such an arrangement as this would maintain the incentive value of wage differentials.

Incentives to Work

Incentives are necessary for the efficient running of business. To do more and better work, men must have a will to work, some sustaining interest in work, some tangible incentives to work. Incentives are mutually advantageous to the employers and the workers. For instance, incentive wage plans add to the earnings of the workers, while they help the employer to increase appreciably the turnover of production and consequently to reduce the unit cost of production.

The older and more common method of time-rating is now accepted to be far less an incentive than the relatively new methods of piece-rating. Straight time wage does not reward appropriately varying amounts of output. Piece-work on the other hand enables the worker to receive remuneration in direct proportion to his output. Piece-rate method, being an incentive to greater effort, helps the employer to reduce manufacturing costs. Because of these advantages, straight piece-

work system has been introduced wherever it was thought usefully applicable. More advanced than straight piece-work are the various premium systems, namely, multiple piece-rate systems, gain-sharing plans, task and bonus plans, point premium plans, and group incentive plans.

The incentive wage plans are sometimes opposed by trade unions. Union opposition to these plans can be forestalled by guaranteeing a minimum time rate, by preventing lay-offs, and by avoiding downward revision of rates. However, good managements will enlist the co-operation of organized labour, before launching a new programme of wage incentives.

Incentives to work, if introduced in co-operation with organized labour, can improve industrial relations. The incentives impel the worker to put greater attention and effort in the work assigned to him because the incentives stimulate his interest in the work. His increased interest and effort make him produce articles of improved quality in larger quantities. He will appreciate the work situation better and will increasingly like the management.

Profit-sharing Bonus

The profit-sharing bonus had been an *ex-gratia* payment made by the employer during the years when he earned good profits. It had been an expression of goodwill to the employees. Even though the bonus had been a sheer gift from the employer, it has since been the subject of many disputes between labour and management, and adjudicators have been making awards for the payment of bonus. The adjudication awards as well as voluntary managerial decisions on bonuses have always had a reference to the profit earned by the employer. In the Tata Iron and Steel Company the employees are entitled to 30 per cent of the Company's net profits, the share of each employee being dependent on his basic pay. This is a full-fledged profit-sharing scheme. In the generality of cases, however, there is

no fixed ratio of bonus to profits. The quantum of bonus is decided by adjudicators from year to year, on the merits of each case.

What we are concerned with here mainly is how far does a system of profit-sharing bonus improve industrial harmony or employee morale. The kind of profit-sharing bonus that we have in India, however, is not conducive to improved industrial relations. It is a dubious economic experiment. The reasons are set out below.

There is no love lost between a worker in a huge business corporation and the management. As the cash nexus is the worker's only bond with the management, he thinks purely in terms of the money he gets through employment. He would certainly like to get the profit-sharing bonus which may be equal to one-sixth of his annual earnings or thereabouts. But this bonus has no relation to his own performance of work. The bonus depends on the work of all the workers in a factory or industry. The sphere of influence of each worker is limited to a few other workers. Group incentive methods can succeed only when the workers in each group can influence the performance of others in the same group. But where large numbers of workers are involved, there is hardly any possibility of each influencing the performance of the other. Consequently, the profit-sharing bonus proves to be an incentive of doubtful significance.

The long intervals between bonus payments will further reduce their incentive value. Ordinarily, the bonus is paid at annual intervals. The system of half-yearly payment of bonus, introduced by Binny and Company in their mills, represents a progress in this regard.

More important than these reasons is the workers' uncertainty about profits. Even if the workers put their heart and soul in the work, the amount of profits earned may not

change significantly, for profits are governed also by so many other extraneous factors which make the quantum of bonus highly uncertain. This uncertainty offsets the possible incentive value of the profit-sharing bonus.

However, the profit-sharing bonus is considered a matter of expediency. The bonus question has been the subject of so many industrial disputes. Economic sanctions have been freely used to settle the bonus issues. The energies spent by organized labour in fighting out the bonus issues have been misdirected. If the same energy were spent in fighting for wage increases, labour might have achieved something more real and permanent. The raising of the worker's standard of living is not possible by doling out annual bonuses of uncertain amount. Therefore, organized labour should shift its emphasis from bonus to wage-rates. Until this is achieved, managements will be compelled to continue the system of profit-sharing bonus on the grounds of expediency.

Working Conditions

THE conditions under which work is carried on have a significant influence on the nature of worker-management relations. The length of the work day, the intensity of work, and the physical work environment, are among the more important non-financial factors affecting employment relationships.

Hours of Work

The hardships that the workers underwent as a result of long hours of work have been a cause of embitterment. However, State intervention in regulating hours of work has progressively and relatively rapidly reduced the standard hours of work, first in manufacturing industries and then in other industries. The reason for this rapid and effective "shorter hours" movement, after centuries of long hours, are not far to seek. The change in the character of work and the increased tempo in modern mass production required the reduction in the hours of work. Besides, the refined division of labour and the repetition and monotony characterizing machine-tending were also factors influencing the "shorter hours" movement. Again, the lead taken by the British factory legislation was followed by the Indian Government. Still another factor responsible for shorter hours was the growth of the labour union movement in India.

Prior to 1911, there was no law in India to regulate the hours of work of adults. The Factory Act, 1911, for the first time limited the hours of work in factories to 12 per day. It also granted the workers a weekly holiday. This meant work from dawn to dusk and, if on a night shift, from dusk to dawn. A complete lack of organization on the part of the workers made them suffer the burden of long hours like dumb driven cattle.

The economic and political changes brought about by the First World War had their unmistakable repercussions on labour disputes and labour organization during the immediate post-war period. Quite naturally, organized labour demanded reduction of hours of work and consequently the Factory Act of 1922 gave the workers a 60-hour week. Then in 1934 another Factories Act was passed prescribing standard hours of work per week at 54. This statutory provision was relaxed during the Second World War, permitting some factories to work 56, 60, or even 72 hours per week.³ But after the war, the Factories Act brought down weekly hours of work to 48.⁴

Howsoever beneficial the legislation may appear to be, it remains a sad fact that the provisions of the law are frequently ignored by several employers. During the course of investigations carried on in connection with this study, the writer came to know of cases where the workers were made to work overtime without any compensatory gratification as provided

³ See Labour Investigation Committee: *Main Report*, p. 135.

⁴ There is indeed a misconception that the factory law makes the 48-hour week compulsory. Actually the law places no ceiling on working hours. Under section 59 of the Factories Act, 1948, sub-section 1 reads as follows: "Where a worker works in a factory for more than nine hours in any day or for more than forty-eight hours in any week he shall, in respect of overtime work, be entitled to wages at the rate of twice the ordinary rate of wages." This means that the law lays down no maximum hours of work ; it only insists upon the employer to pay overtime rates for work done beyond the statutory standard hours of work.

by law. It is unfortunate that employers behave in this fashion. It is still more unfortunate that these very same employers are some of those who cry down union leaders for instigating strikes, dislocating productive activity, and causing countless number of "labour troubles."

The number of complaints on all matters covered by the Factories Act and the Payment of Wages Act received annually by the Bombay State Factory Inspectorate exceeds, 1,500. That a large number of complaints are genuine is indicated by the fact that prosecutions were conducted in the Police Courts against the employers for these breaches of law.

However, detection of the breaches of law is difficult. The factory inspectors' itinerary may not be adequate to find out all the lapses on the part of the employers. The people who are directly affected by the employers' lapses, namely, the workers themselves are not generally aware of all their rights and privileges. Moreover, many workers do not brave themselves to assert their rights, lest they should incur the displeasure of employers. Labour unions which are not adequately organized do not have regular channels of communication between themselves and the workers ; nor do they carry out surveys and investigations. Therefore, even labour unions do not always come to know of the employers' lapses. Adequate labour organization alone can mitigate this handicap.

Industrial Fatigue

The intensity of work and the length of the work day need to be taken into consideration in ascertaining the physiological and psychological reactions on the worker. The tremendous technological progress accomplished during a period of hundred years and more has so profoundly changed the nature of the work that the old-established rules and regulations are not compatible with the changed conditions. The

increased tempo of work, partly due to the work of efficiency experts, puts an additional strain on the worker.

The mechanized system of production makes it possible to speed up workers to their greatest exertion. The speed and the strain of modern industry, accompanied by its many dangers and disagreeable features, are responsible for the physical fatigue and nervous exhaustion of the workers. Fatigue has been defined by P. S. Florence as the "diminution of working capacity, often accompanied by feelings of weariness caused in the human organism by the length or intensity of some activity."⁵ Thus, prevention of industrial fatigue and conservation of human energy and ability should find an undisputed place in the personnel policy of an enlightened management. The speeding up of production, to have the desired result, should not undermine the workers' health. The maximizing of output cannot be achieved by the maximum speed, but only by an optimum speed—the most productive speed. In the achievement of this, although efficiency experts have much to say, the management should enlist the co-operation of the workers.

The union leaders resist the speeding up of production with whatever power they have. It is not infrequent to find strikes being called out when employers prescribed additional work-loads and the like. A less dramatic but more harmful reaction to "speed up" is a corresponding "slow down" on the part of workers. The "slow down" or "ca'canny" tactics are the direct result of lack of co-operation from the workers. While it is true that the "slow down" tactics are bad in themselves it may be of some interest to read what William Hopkins has to say : "When a group of workers serve their own interests by rigidly limiting the volume of work which they will perform in a day, they are performing in a fashion iden-

⁵ *Economics of Fatigue and Unrest*, 1924 edition, p. 302.

tical to that of businessmen who curtail production to maintain prices.”⁶ To quote so is not to justify the “slow down” movement. Employers while criticising “slow down” should realize that they are equally guilty when they themselves restrict output.

The workers’ restriction of output is not always really purposive, for frequently it is due to unduly severe working conditions. It is reasonable to expect of our present-day labour legislation to offer certain tangible remedies to the highly exacting conditions of work. But unfortunately the law prescribes only certain minimal requirements. Actually law-making is difficult, if the ideal of such laws is to provide optimum conditions of work, because, undoubtedly, the optimum conditions differ from occupation to occupation and from industry to industry as the speed and intensity of work differ. Alignment of factors so as to reach a happy point of optimum efficiency is ultimately possible only through empirical research in the field. It is the entrepreneur’s duty to carry out such research ; and if he is conscientious enough he should feel ashamed of the existence of statutory requirements enjoined upon him. For, after all, it is economically sound to achieve optimum conditions of work which, along with the workers’ co-operation, will help to maximize output per worker.

Physical Environment of Work

Among the factors constituting optimum conditions of work, not the least important is the physical work environment. The plan and layout of some of the new factories illustrates the advantages of good physical environment of work. “Garden factories” are quite an ideal ; but Bombay perhaps is too overcrowded to enjoy such luxury. Most of the factories of Bombay are housed in multi-storeyed buildings. Many of them provide work environment that is far from

⁶ *Labor in the American Democracy*, p. 111.

satisfactory. The work environment can be unsatisfactory in several ways, namely, as regards illumination, ventilation, temperature, noise, tidiness, and the like. The Factories Act, 1948 (section 11 to 17), lays down certain principles and standards regarding work environment. As the enforcement of the relevant sections of the Act is not sufficiently rigorous and thorough, in many establishments one finds great room for improvement in the matter of living up to the spirit of the law.

The intensity of illumination in the workroom is an important factor of work environment. Insufficient intensity of light leads to poor visual acuity and, therefore, it affects production both in quality (more spoiled work) and in quantity (a lower rate of output). Different occupations, however, have different ideals of light intensity, measured in foot-candles.⁷ Normally 10 foot-candles of illumination ought to be satisfactory. Where older men are at work and ultra precision work is performed, a higher intensity of light will be advantageous. Although increases in the intensity of illumination is expected to produce increases in output, a point will be reached beyond which further increases in illumination will not be profitable. It should be noted here that the factory law does not lay down absolute standards for the intensity of illumination. The law leaves it to the factory inspectors to exercise their discretion and judgment in determining whether specific instances are good or bad from the point of view of illumination.

In the sample survey of factories in Bombay, undertaken in connection with the present study, it was revealed that a good many of the factories had not given even moderate attention to intensity of illumination. For work during daytime, 75

⁷ Foot-candle means the measure of illumination produced on a certain standard surface by the light of wax candle of definite size at one foot's distance.

per cent of them depended on natural lighting which was not always satisfactory. Of the total number of factories in the sample, 57 per cent worked only single shifts, while 32 per cent worked two shifts, and 11 per cent worked three shifts in Bombay during 1948. Thus 43 per cent of the factories had their work extended to night hours. The artificial lighting during night shifts was even less satisfactory than the bad natural lighting in several establishments. Furthermore, it was noticed in several cases that the diffusion of light was not uniform.

If the illumination is adequate in intensity, it helps to increase production in two ways. First, it increases visual acuity. Secondly, it gives the worker a certain degree of general comfort. It helps to decrease weariness and to increase feelings of well-being.⁸ From the point of view of industrial relations, this change in the worker's feelings is significant. For improvements in illumination constitute one of the means of effecting worker-satisfaction on the job.

Ventilation is another important environmental factor affecting worker-satisfaction. It aids in the lowering of heat generated in body due to physical and mental activity, because of the cooling power of air movement. High temperature and high humidity are as bad as lack of ventilation. However, by reducing either temperature or humidity or by increasing the movement of air, better ventilating conditions can be achieved. Introduction of fans where they are absent and addition or re-arrangement of fans where they are present are important steps in the direction of improved ventilation. Speaking of the air movement, the British Industrial Fatigue Research Board stated that "the air in a well-ventilated room should be cool rather than hot, dry rather than damp, diverse in its temperature in different parts rather than uniform and

⁸ See Edwin E. Ghiselli and Clarence W. Brown: *Personnel and Industrial Psychology*, p. 255.

monotonous, and moving rather than still."⁹ This observation, though meant for the boot and shoe factories of the U.K., is equally well applicable to our manufacturing establishments too. As for cotton spinning, technical requirements include a high degree of humidity. With such few exceptions, the humidity and circulation of air should be in accordance with the British I.F.R.B.'s recommendation. In any case, empirical research in the field is necessary before any recommendation is given effect to.

Noise is still another factor of work environment. Some of the weaving mills abound in terrific noise, and a casual visitor to such factories will carry an awfully bad impression of working conditions in such a setting. The human capacity for adaptation, however, has helped workers to reconcile themselves to the noisy atmosphere of work. Large-scale reduction of noise in factories is rather difficult. But wherever such reduction is possible, there is no gainsaying the fact that it will have a signal effect on the rate of output in the large majority of occupations.

Improvements in the physical environment of work, while helping the worker to like the work better and also to like the employer more, may have a somewhat opposite result if done tactlessly. The workers may reckon this as a sign of prosperity and, consequently, may want to share the employer's prosperity through enhanced wages, bonus, and the like. However, if programmes such as these can be carried out skilfully with the co-operation of the workers, the relationship between the employers and the workers would improve signally on account of the increased worker-satisfaction on the job.

⁹ Charles S. Myres (Ed.): *Industrial Psychology*, p. 51, quoted from *Preliminary Notes on Atmospheric Conditions in Boot and Shoe Factories*, Industrial Fatigue Research Board, Report No. 11.

In fine, the employers can enlist the willing and spontaneous co-operation of labour in the performance of work, through higher wage-rates, better methods of wage payment, improved working conditions, and better atmosphere of work. This, consequently, will result in more harmonious relations between the employers and the workers.

Welfare Services

IN any study of employment relationships, it is necessary to examine the welfare activities carried on by industrial employers.¹⁰ It is indeed necessary to study the motivations and objectives of welfare work, the different kinds of welfare programmes, and the costs that such programmes entail. Further it is worthwhile to find out the attitudes and reactions of organized labour towards employer-sponsored welfare activities. Such an examination will lead to an evaluation of the success of welfare services in the industrial realm.

Meaning of Welfare

Before proceeding further, one should like to get a clear meaning of this term "welfare." Proud defined welfare work as the "efforts on the part of employers to improve, within the existing industrial system, the conditions of employment in their own factories."¹¹ J. H. Richardson defined "industrial welfare" to include "any arrangements of working conditions, organization of social and sports clubs, and establishment of funds by a firm, which contributes to the worker's health and safety, comfort, efficiency, economic

¹⁰ This chapter was first published as an article in *Indian Journal of Social Work*, September 1951.

¹¹ Proud, *Welfare Work*, p. 5 quoted by H. A. Silverman, *The Economics of Social Problems*, p. 104.

security, education and recreation.”¹² While Richardson included services which were made compulsory by law, S. G. Panandikar held the view that welfare work may be defined as “work for improving the health, safety, and general well-being, and the industrial efficiency of the workers beyond the minimum standards laid down by Factory Act and other labour legislation.”¹³ The Labour Investigation Committee concurred with this definition.¹⁴

The Factories Act, 1948, includes a chapter on *welfare* adumbrating provisions for canteens, shelters, restrooms and lunchrooms, creches, etc. The usage of the word “welfare” here is significant and is largely in conformity with the definition given by J. H. Richardson. The law makes it obligatory for the employers to provide canteen facilities in all factories employing more than 250 workers. According to Dr. Panandikar, therefore, canteens ought not to be considered any longer as a form of welfare work. Like canteens, other forms of welfare work can also be covered by legislation and, gradually, as they are covered in this way, welfare work, as defined by Dr. Panandikar, will cease to have any significance. We would, therefore, rather accept Richardson’s view and include in our discussion the statutory or “legislated” welfare as part of industrial welfare work.

Motivations of Welfare Work

The scope of welfare work thus defined, we shall examine the factors motivating welfare activities. The statutory provisions are chiefly motivated by the desire of the Government to improve the material well-being of working men and women. The motivations of employer-sponsored voluntary

¹² J. H. Richardson. *Industrial Relations in Great Britain*. p. 172.

¹³ S. G. Panandikar, *Industrial Labour in India*, p. 243.

¹⁴ *Main Report*, p. 345.

welfare activities are not necessarily identical with the law-makers' motivations.

About 60 per cent of the industrial employers in Bombay do not have welfare activities beyond the minimum requirements of law. They do not yet realize the advantages of a programme of welfare work. They are the small employers who think that they cannot afford to finance welfare projects and who do not visualize any tangible returns from welfare programmes. Besides, the small employer has problems of a relatively minor kind because of the intimate relationship with his employees. The average employer who does not carry on welfare programmes is one who employs 89 men or less. On the other hand, the average welfare-minded employer is one who employs approximately 600 persons. This figure was arrived at by averaging the working strength of the twenty-one welfare-minded firms shown in Table 4.1 below.

The employer who employs hundreds and thousands of men and women finds it exceedingly difficult, even impossible, to maintain personal contacts with all the employees. To compensate for the depersonalization of employer-employee relations, many managements considered it worthwhile to launch programmes of welfare work so as to win back the workers' loyalty which the labour unions threatened to capture.

The emergence of industrial welfare movement closely followed the advent of trade unionism in this country. The situation in foreign countries was, of course, different. In countries like the United Kingdom, trade union movement was in existence long before industrial welfare was conceived of. In India, the industrial welfare movement as such was a product of the First World War. The usefulness of the employer-sponsored welfare programmes was realized only after the war. The wide popularity that the welfare pro-

grammes have gained in the West has influenced the introduction of similar programmes in India. This is an instance where the employers in India have profited by the experience of employers abroad.

The strategic considerations in union-management relations might have impelled the employer to launch programmes of welfare activities. Indeed, managements did not receive labour unions with open arms. On the contrary, even enlightened managements strove to keep the unions at a distance and to initiate welfare programmes, attempting, as it were, to convince the workers that the employer, left to himself, would help them more than the labour unions would. To all intents and purposes, the welfare programmes of many employers were aimed at capturing the loyalty of the workers. In a real sense, welfare movement constituted one of the phases of union-management relations.

Apart from this motivating factor arising from the presence of labour unions, enlightened managements soon came to realize that well-planned welfare programmes helped to enhance profits. The welfare activities reflecting improved health and increased happiness of the worker proved to be a real incentive to high output. Several employers of standing testified to the increase in productive efficiency through the improvement in workers' well-being. In quantity and quality the work performed by happy and healthy employees was superior to that of the drudging and disgruntled workers. Indeed, welfare services improved the tone of employee morale.

Welfare Services in Bombay

For one reason or another voluntary welfare work in industry has been expanding year by year. The increasing popularity of voluntary welfare work is itself an evidence of the unquestioned advantages it provides. Welfare work made its

beginnings in India during the inter-war period, that is to say, between the two World Wars and expanded during the Second World War. In Table 4.1, which gives estimated percentages of the welfare-minded firms to the total number of firms, an account of the progress of welfare work through three distinct periods is presented. This summarized account of the growth of welfare work reveals the periods of development of the movement of industrial welfare. It is significant that the number of firms carrying on welfare work and the number of welfare activities in individual firms have kept on continuously increasing.

TABLE 4.1—WELFARE-MINDED FIRMS, BOMBAY,
1939, 1945 AND 1949.

Year	Total Number of Firms in the Sample	Number of Welfare- minded Firms in the Sample	Percentage of Welfare-minded Firms to the Total
1939	35	6	17
1945	50	16	32
1949	53	21	39

Source: Sample survey by the author.

During the years of the inter-war period (1919-1939), there were only 6 firms or 17 per cent of firms carrying on some sort of welfare programmes.¹⁵ Instead of one in every six firms at the beginning of the Second World War, we find that one in every three firms had some sort of welfare activities by the end of the war. In another three years, 39 per cent or two in every five firms had welfare programmes. This in brief is the outline of the growth of welfare work in Bombay manufacturing industries.

¹⁵ These statements relate only to the firms that came under the survey.

The provision of medical aid was the first welfare activity which caught the attention of managements. Medical aid also has been relatively more important than other types of welfare activities. As Table 4.2 shows, there were 4 firms in 1939, 11 in 1945, and 13 in 1948, rendering medical aid to their employees in times of sickness and accidents. Free medical advice, free dispensing of medicines, free injections, inoculations, etc. and free hospitalisation were the main features of medical aid. However, there were marked differences between firms as far as the nature and quality of medical aid was concerned. Some did not have dispensaries, but had part-time services of medical men, while some others had full-time medical men in their service. Four firms did not give any medical aid as such but rendered financial aid during sickness by paying the bills of doctors and druggists.

TABLE 4.2—GROWTH OF WELFARE WORK IN INDUSTRY, BOMBAY

Welfare Service	Number of Firms (horizontally cumulative)		
	Pre-war	Wartime	Post-war (till 1948)
Medical aid	4	11	13
Financial aid during sickness	1	3	4
Provident fund	2	5	10
Gratuity	2	3	5
Co-operative credit society ...	2	5	6
Housing	1	2	3
Recreation	0	2	4
Creché	1	1	2
Canteen run by management	1	6	10
Canteen run by caterer	0	7	8
Grain shop run by management	0	7	7
Grain shop run by contractor	0	4	4
All welfare services	... 6	16	21

Source :—Sample survey by the author.

Other cash benefits include provident fund, gratuity, accident compensation, maternity benefits, and loans. Most of these cash benefits, excepting loans through co-operative credit societies, have been fixed either by statutes or by industrial tribunals. It is of some interest to note that cash benefits such as provident fund and gratuity have come up for adjudication oftener than the other welfare services. Gratuity is given on retirement or death. A half month's or one month's wages are given as gratuity for every year of service. The provident fund is a modification of the gratuity scheme. Some five or ten per cent of wage or salary of the employee is contributed to the provident fund, while the management contributes an equal share. On retirement, the accumulated provident fund is handed over to the worker. As for accident compensation and maternity benefits, employers do not pay anything beyond the minimal requirements laid down by the workmen's compensation and maternity benefit laws.¹⁶ As for loans, they are made available to the members of co-operative credit societies functioning in the undertakings.

In the sample survey, free housing was provided only by two undertakings to a fraction of their workforce while a third one provided low-rent housing. An official survey of industrial housing in Bombay gave the following statistics of the housing facilities provided by private employers : The Bombay Municipality gave housing facilities to a large section of its employees in 576 houses consisting of 6,443 tenements. The Bombay Port Trust likewise housed part of its workforce in 206 houses comprising 2,195 tenements.

¹⁶ As an exception, there is only one firm which provides also compensation for any minor accidents not covered by law.

TABLE 4.3—HOUSING FACILITIES FOR MANUFACTURING EMPLOYEES,
BOMBAY CITY, 1949

Type of Houses	No. of Houses	Number of Tenements					Total
		One Room	Two Room	Three Room	Four Room	and Larger	
Chawls	... 368	4,704	629	9	6		5,348
Hutments	... 202	557	41	1	0		599
Self-contained blocks	... } 100	25	62	45	48		180
Others	... 74	92	54	0	6		152
Total	... 744	5,378	786	55	60		6,279

Source : Bombay *Labour Gazette*, September, 1951, Vol. 31, No. 1, p. 35.

The idea of providing recreation to the employees never found expression during the inter-war years. However, during the Second World War two firms in the sample survey gave attention to this aspect of industrial welfare. One organized a sports club, arranged games such as cricket, supplied newspapers, magazines, and books for reading, and the other organized an adult school. Two other firms, after the war, organized sports clubs, while one of the two went further ahead by organizing a library and reading room and a dramatic society and by providing a radio for the workers. The radio is well attended and is doubtless the best medium of mass adult education.

Creches for children under six years of age of working mothers were maintained by two employers. The Factories Act enjoins upon every employer employing more than fifty women the satisfactory running of a creche.

When this survey was undertaken, canteens were not obligatory by law. From April 1949, when the Factories Act,

1948, came into force, section 46 of the Act made it obligatory for the employers with a workforce of over 250 to offer canteen facilities to the workers. Before the outbreak of Second World War, there was only one firm with canteen facilities. During the war, in twelve other firms canteens were started, although seven out of them were run by caterers. In 1948, there were eighteen canteens, ten being run by managements and eight by caterers. The increased popularity that the industrial canteens gained during wartime is thus explained : As a consequence of the tight labour market that prevailed then, the employers found it necessary to attract labour by increased wages and better amenities. The industrial canteen provided one of the means of attracting workers.

Grain ration shops were started during wartime by eleven firms. Only seven of them took the trouble of directly operating these grain shops, while four of them left the business of running the grain shops to contractors.

The programmes of welfare work undertaken by a cross-section of manufacturing undertakings in Greater Bombay are described in the foregoing. This narration will be incomplete without a mention of the cost that these services entailed. The amount of money spent on welfare is truly the best index of employers' honesty of purpose and is a good measure of the intensity of the programmes.

Cost of Welfare Programmes

In the representative sample of manufacturing undertakings in Bombay as shown in Table 4.1, 21 undertakings had welfare programmes, worth mentioning, in the year 1948. Between the 21 undertakings, a sum of over Rs. 3,76,000 was spent on welfare activities during the year. As the number of workers employed in these 21 undertakings exceeded 12,000 the *per capita* cost of welfare programmes

was but Rs. 30 for the year, which is not truly the representative figure for Bombay. A proper estimate of the *per capita* cost of welfare services for the manufacturing industries in Bombay actually works out to be less than Rs. 25 for the year 1948.¹⁷ The difference between this estimate and the actual figure for the 21 undertakings is not much because the 21 undertakings cover 83 per cent of the employees in the sample. The remaining 17 per cent of the employees are employed by 32 undertakings, the total number of undertakings in the sample being 53 and the total number of workers employed in the 53 undertakings being 15,137 in 1948.

However, estimates are not always reliable when an already small sample is split into still smaller units. This is the reason why one cannot hazard to make estimates unit-wise. However, our analysis of the observed facts relating to the cost of welfare work is presented in Table 4.4.

Among the employee services, "cash benefits" account for the largest single item of expenditure on welfare. Cash benefits such as gratuity and provident fund are usually paid at the termination of employment and, therefore, they serve as a security for old age. The next item, in order of money spent, is medical aid, closely followed by canteens. The concessionary supply of foodgrains accounts for more than 50 per cent of the welfare cost of one establishment. Another establishment incurs an expenditure of 30 per cent of its welfare cost by way of loss of rent on account of free housing provided to the majority of its employees.

Relatively, the textile industries spent the least on welfare activities and what little is spent is largely on medical aid. The highest amount on welfare is spent by chemical and other manufacturing industries.

¹⁷ Finding of the sample survey by the present writer.

TABLE 4.4—COST OF WELFARE PROGRAMMES IN 21 MANUFACTURING UNDERTAKINGS, BOMBAY, 1948

Industry Group	Number of Firms	Cost of Welfare Service in Rupees				
		Total Cost	Creché	Canteen	Medical	Recreation
Cost for All Employees						
Public undertakings	2	2,888	0	94,800	0	2,400
Textiles	3	3,664	24,750	5,000	1,200	23,800
Engineering	8	2,415	66,650	0	6,000	13,500
Other manufacturing	8	3,572	1,90,240	4,500	68,240	45,500
Total	21	12,539	3,76,440	9,500	77,840	93,750
Cost per Employee						
Public undertakings	2	2,888	32.8	0.0	0.8	8.2
Textiles	3	3,664	6.8	1.4	0.3	3.7
Engineering	8	2,415	27.6	0.0	2.5	4.5
Other manufacturing	8	3,572	53.3	1.3	19.1	12.7
Average	...	...	12,539	30.1	0.8	7.5
				6 2	0.5	8.4
						6.7

Source : Sample survey by the author.

In the sample, the highest *per capita* expenditure incurred by any concern on welfare services is Rs. 126 in a year. This works out to be Re. 0-6-9 per working day per worker. Next in order comes an undertaking which spent Re. 0-4-8, closely followed by another which spent Re. 0-4-2, per day per employee. The average for the 21 undertakings, however, is not over Re. 0-1-8 and the estimate for manufacturing industries in Bombay does not exceed Re. 0-1-5 per day per worker.

It is undeniable that there is great room for improvement in the welfare services. However, the allocation of expenditure on different labour welfare activities does not appear to be out of balance generally.

State-sponsored Programmes

Legislation enjoining upon employers certain minimal standards of industrial welfare is only one of the many steps taken by the State. In addition, the State has initiated several programmes of its own. The State-sponsored programmes, generally, have been in the field of community welfare. Community welfare consists of such services as medical aid, housing, education, recreation, cultural programmes, and social services of all kinds. From the foregoing description of employer-sponsored services, it is clear that the employer's energies, too, have been spent on community welfare. In recent times, the employers have been of the opinion that community welfare services are the responsibility of the State and, consequently, the present trend in employer-initiated programmes has been to devote increased attention to the welfare services within the factory. The voluntary sponsoring of industrial canteens, works surgeries, and the like, is the result of the new emphasis on labour welfare within the factory.

In an industrial community where community welfare programmes reached an adequate standard through the

services rendered by the State and voluntary social work agencies, the benevolent employer's responsibility for providing community welfare services will be at a minimum.

Broad social progress which can be achieved through State-sponsored activities can create a certain background the influence of which will help workers to live in greater harmony with their employers. These governmental services can act as a lubricating agent to prevent the squeaking in the mechanism of industrial relations.

The acceptance of social responsibility by the State has impelled Government to direct its energies to such services as the provision of housing. The importance of industrial housing is emphasized by the Labour Investigation Committee in the following sentences : " If the present-day industrial worker in India is physically inefficient and unhealthy, the intolerable housing conditions are in no mean degree responsible for it. Housing and health are inter-connected and they both influence industrial efficiency."¹⁸ The provision of tolerably good houses for the workers is indeed a factor that improves the character of employer-employee relations.

Government of Bombay has provided housing facilities for a large number of workers. Today in over 200 buildings (*chawls*) in Bombay, nearly two lakhs of people are housed, thanks to the initiative shown by the Government. The beneficiaries of this scheme are mostly industrial workers. Whether the workers are employed in industry, trade, or Government service, rooms are let out to them on the production of employment certificates from the respective employers. The rates of rent paid by the incumbents in these State-owned chawls are as follows : Rs. 5 per room per month in the Worli Chawls ; Rs. 7 in the Naigaum Chawls and Sewri Chawls ; and Rs. 8 in the DeLisle Road Chawls.¹⁹ On the

¹⁸ *Main Report*, p. 296.

¹⁹ Labour Investigation Committee, *Main Report*, p. 298.

whole, the condition of the workers and their families putting up in these State owned chawls is very good when compared to similar accommodation provided by certain other agencies. As Bombay needs more and better houses, the Government is gradually giving effect to a long-term housing scheme for industrial workers.

The Government has sponsored a network of labour welfare centres in the urban areas. In Bombay State, the Governmental expenditure on these welfare centres till 1948 was at the rate of over Rs. 2,50,000 per annum.²⁰ There are 16 State-sponsored welfare centres in Bombay City classified as : 3, A Class ; 9, C Class ; and 4, D Class.

The activities in these welfare centres are briefly described here. There are entertainment programmes such as music, dramatics, movies, and magic lantern shows, and exhibitions of pictures, posters, and charts. The opportunities for athletic activities include outdoor and indoor games, sports and gymnastics. The health programmes comprise free medical aid, health advice, medical inspection, and health education drives. The adult education programmes are carried out through special instruction classes with the help of reading rooms and libraries. Technical training is given in several occupations. In addition, there are co-operative credit societies, canteens, health restaurants, anti-drink drives, welfare committees, study circles, sewing classes, women's clubs, children's playrooms and playgrounds, nursery schools, and a host of other programmes. This array of activities is indeed imposing. It is, however, difficult to estimate the number of beneficiaries availing use of these community welfare services.

Evaluation of Industrial Welfare

In evaluating industrial welfare, it must be stressed that how-

²⁰ Government of Bombay, *Report of the Labour Department for the Years 1946, 1947 and 1948*, p. 59.

soever the State might accept social responsibility for sponsoring welfare services, the employers cannot shirk their own responsibility. There are certain programmes of labour welfare that the employers cannot leave to the State. These are the employee services that are rendered at the precincts of the workplace, namely, creché, canteen, and the like. It will be to the added convenience of the workers if these services are available near their workplace just as cultural and recreational activities should be near their residence. It is for this reason that the factory legislation enjoins upon certain employers the onus of maintaining such welfare services. Implementation of such legislative provisions do not entail heavy expenditure for employers. Actually, only a very small percentage of the cost of welfare is due to the legislated welfare services. As Table 4.4 indicates, during 1948, less than 3 per cent of welfare cost per employee is spent on creché, the only legislated welfare service which would incur any expenditure worth mentioning. Although canteens are now brought under legislation, the law does not state that canteens should be run on loss. Even without any law affecting industrial canteens, the welfare-minded firms on an average spent on this programme Rs. 6 *per capita* per annum. As for cash benefits such as gratuity and provident fund, in most cases the adjudicators have only levelled up the rate of contribution. The fact is that most employers voluntarily gave the workers cash benefits which were reviewed by the adjudicators when labour unions claimed greater cash benefits. Though cash benefits in many undertakings are now a sort of "legislated" service (if adjudication awards may be permitted to be called so), they were in existence even prior to State intervention in that regard. Therefore, it would be unfair to the employers if one held the view that these cash

benefits were solely the result of State intervention, although in stray cases this was indeed true.

Considering the money spent, the employers have given greater attention to the welfare programmes initiated by themselves on their own accord. An overwhelmingly large percentage of expenditure on welfare is due to voluntary welfare programmes. The voluntary programmes ought to have brought in adequate returns, for, otherwise, voluntary welfare schemes would not have gained popularity among the employers. The returns might take the form of increased output and consequent lowering of the unit cost of production. However, a proper evaluation of the material returns is not possible here, for empirical observation in this direction is extremely difficult.

Expenditure on welfare services relatively to wages is generally low. In manufacturing industries in Bombay, the average annual *per capita* expenditure on welfare is just Rs. 25, while the corresponding expenditure on wages is around Rs. 1,000. Yet, a positive correlation exists between wage cost and welfare cost per employee as between different firms. The only two firms that do not conform to the correlation chart are those that provide free housing to some of their employees. Here, wages are relatively low. One cannot say definitely if these firms aim at replacing wages partly by welfare services. Their wage-rates are among the lowest, while their welfare cost per employee is the highest. A low-wage firm following high welfare programmes justifiably stands to suspicion. If the employer is keen on the well-being of his workers, he ought to raise the wages first. While he resists the union's attempt to push up wages, he voluntarily spends a good deal of money on labour welfare.

Some of the employee services like free housing are an effective means of iron-hand control over workers. They

tie down the workers to their employer and in effect enslave the workers, although the employers would publicise the "free housing" as an expression of charity and good-will. During these days of extreme scarcity of houses, the workers are afraid of losing their shelter when they fight against their employer. The fear of being rendered homeless induces them to continue working for the same employer.

If the welfare programmes are aimed at replacing wage increases, dubious results might follow. Although a well-knit welfare programme can to a great extent curb the workers in their fight for higher wages and other related matters, it is highly doubtful if the employer can command spontaneous co-operation from the workers. If the welfare programmes do not enlist the workers' spontaneous co-operation, such programmes may be considered futile ; for without sincere co-operation of the workers, the standard of performance cannot be raised. Actually, when the workers consciously feel the tyrannical control exercised by the employer, they cannot render spontaneous co-operation in work. Therefore, a wise employer will only direct his welfare programmes to enable or induce the workers to put in work without any pressure from above or any limitation from below.

Inter-Personal Relations

WE have observed that the relations between the entrepreneur and the employees cannot be cordial or harmonious if the natural urge of the latter for improvement in material well-being is ruthlessly put down by managerial authority and also that poor working conditions make for industrial dissatisfaction and disharmony. But generous increases in wage rates and liberal improvements in working conditions will not be enough for building up better personnel relations. Nor will the benevolent paternalism displayed through an imposing array of welfare programmes be enough. Human relations in industry are influenced by more things than these. The psychological factors affecting inter-personal relationships between the different levels of management and between the first-line supervision and the rank-and-file workers and even between the employees of comparable status, play a dominant rôle in the development of good or bad industrial relations.

Top Management and Decision-Making

The top management is ultimately responsible for personnel policies. The success or failure of a personnel policy largely depends on the character of the policy itself. The wisdom and propriety of the policy determines the reaction to it from those to whom it applies. Policy-making is indeed a difficult

art. No successful and effective policy-making is possible without a deep insight into the working of the complete organism which is governed.

In personnel relations there is rarely any written policy on which the executives can base their decisions in specific cases. Frequently, an unwritten policy is as good as no policy at all. The executives who form the middle management find their work of decision-making difficult in the absence of any agreed formula to go by. In consequence the resulting pattern of management is characterized by the "rule of thumb" and managerial decisions and actions may bear no uniformity even in comparable cases.

Although in a small undertaking decision-making is not very difficult, in big business corporations which employ thousands of workers decision-making without a written policy bristles with hazards. In big business corporations, the decision-making power is decentralized so that the members of the middle management have a share in it. In fundamentals and in details, decisions of the middle management may vary and, consequently, there will be several employees who will get discontented. In the absence of any uniform policy, it is quite likely that even little favours shown to a less efficient worker may cause dissatisfaction to the more diligent workers. Top management must, therefore, make every effort to replace the "rule of thumb" by the "reign of rules." The rules and the policy must be unambiguously explained to all the employees. Utmost care must be taken to see that the rules are reasonable and practicable.

At every stage of rule-making, the co-operation of organized labour will be extremely valuable. It will be ideal if the management and the union can have free and frank discussions on any point of difference in regard to the rules. The management will insist on retaining the power to make rules as its prerogative. However, the State is not giving suffi-

cient importance to the management prerogatives which are being curtailed to a great extent by State intervention. The trends in State intervention indicate a keenness on the part of the State to bring as many matters as possible within the ambit of State control. The authoritarianism of the entrepreneur is steadily giving place to the authoritarianism of the State. To govern worker-management relations in respect of discharge, disciplinary action, leave, and such other matters, there are laws requiring the certification of standing orders by Government. The Central Industrial Employment (Standing Orders) Act, 1946, which is applicable to all railways and factories employing more than 100 workers, enjoins upon the employer to submit draft standing orders to certifying officers appointed by Government. The total number of certified standing orders at the end of 1950 was 3,020, out of an estimated total number of 4,976 establishments covered by the Act. However, Section 4 of this Act lays down that "it shall not be the function of the certifying officer or appellate authority to adjudicate upon the fairness or reasonableness of the provisions of any standing orders." This standing order law makes it incumbent on the employer to make known to Government as well as his employees his own rules governing the relationship between him and his employees.

The Bombay Industrial Relations Act, 1946, however, is significantly different from the corresponding Central law. In the industries covered by this Bombay Act, not only can the Government enforce the submission and registration of standing orders, but standing orders are also made adjudicatable under the Act. While Section 35 of the Act empowers the Commissioner of Labour to settle the standing orders, Section 36 (3) provides that "the Industrial Court in appeal may confirm, modify, add, or rescind all or any of such standing orders."

Although the management finds itself circumscribed by the limitations and controls imposed by the State, it can operate freely in matters which are not covered by statutes and awards.

Inter-Personal Relations among Management Personnel

Apart from the framing of a detailed personnel policy, there are difficulties in putting the policy into effect. The prime factor affecting the success of a policy is the degree of co-operation it receives from the executives, supervisors, and rank-and-file workers.

The first and foremost requisite of good industrial relations is that the executives themselves should take keen interest in the success of the undertaking. Unless the executives themselves are loyal, they will fail to infuse enthusiasm among their subordinates. It is frequently found that the executives do not sufficiently co-operate among themselves. There are unhealthy jealousies among the executives. The mental make-up of many executives stands in the way of spontaneous co-operation between the different departments and sections of the undertaking. The lack of inter-departmental co-operation undermines efficiency.

The behaviour of the executives who form the middle management in a huge undertaking is determined by the following factors. Firstly, if their relations with the top management are not smooth and cordial, they will not show sufficient interest in the day-to-day running of the business. Secondly, the executives meet with limitations from below. If his subordinates do not co-operate with him adequately, the executive officer is placed in a peculiar predicament which may urge him to resort to face-saving tactics, i.e., he will be compelled to fabricate excuses and to put the blame on somebody else whenever any blunders are committed. Thirdly,

apart from the limitations that crop up from above and below in the line the incompetence of the officer concerned, if at all, would itself be a great hindrance to the development of the co-operative spirit.

Incompetence is the source of many inter-personal jealousies and quarrels in a business undertaking. If the top management succeeds in removing incompetence from the ranks of managerial personnel, the background will be cleared for successful industrial relations. One great hindrance to the stamping out of incompetence is corruption. And corruption requires to be stamped out before efficient administration can be ensured.

The incompetence of the lower supervisory personnel is in juxtaposition to that of the executive officers. In an atmosphere of "politics," rivalries, jealousies, and quarrels among the management officials, the foreman or the supervisor cannot perform excellent work. This atmosphere conditions him to a state of indifference to the efficiency aspects. No spontaneous co-operation can emanate from a band of employees that is torn by suspicions, jealousies, and quarrels. If mutual co-operation becomes difficult at the higher levels of management, it becomes almost impossible to inculcate the co-operative spirit in those who man the first-line supervision.

Every executive in an undertaking should know how to handle personnel. It is true that the executive should exercise control over the quality and quantity of output. But that control can be exercised only through the personnel. The control over production may be ineffectual if the relationship of the executive to his subordinates is not cordial. To inculcate the co-operative spirit among the workers, the executive should take good care of his men and should never be afraid of taking decisions.

The attitudes of the management officials towards the

workers determine the reactions of the workers. Good relations are essentially reciprocal. Newton's third law of motion, action and reaction are equal and opposite, is applicable to employer-employee relations too ! The total disregard of the well-being of employees naturally leads to unfavourable reactions from them. Unless management officials themselves change their outlook and attitudes, there may not be any appreciable change in the workers' attitudes.

The managerial and supervisory personnel require adequate training in the handling of men. Conferences, seminars, and lectures may be specially arranged to convey to the supervisors the successful methods of handling men. The supervisory personnel, more than others, require to be convincingly told about the supreme importance of good relations with the workers. For the rank and file workers come into constant and direct contact with the first-line supervision. The higher-ups in the organization are far removed to have any close contact with the rank and file employees.

The supervisor represents the management to the workers. The workers' attitudes to the management are largely influenced by their relationship with this first-line supervision. If the supervisor takes real interest in the men working under him and helps them to overcome their little difficulties, he can gain great popularity with them. On occasions when he does not have the requisite powers to act independently, he may move his superior officials so that decision-making may not be delayed. When the considered policy of the management is contrary to the requests made by workers, the supervisor should explain to the workers the reasons for and the circumstances under which the managerial decision was made.

Violent Worker Reaction

The need for good relations with working men is illustrated

by the trends in assaults committed by them on the supervisory and managerial personnel.²¹

TABLE 5.1—INDUSTRIAL ASSAULTS, BOMBAY, 1948 AND 1949

Cause		1948			1949		
		Fatal	Non-fatal	Total	Fatal	Non-fatal	Total
Non-employment	...	0	9	9	2	10	12
Maintenance of discipline	{	0	13	13	1	8	9
Strikes or lockouts	...	0	7	7	0	9	9
Miscellaneous	...	0	3	3	0	2	2
Unknown	...	1	3	4	0	5	5
Total	...	1	35	36	3	34	37

Source: Government of Bombay, Home Department.

The above table shows graphically the immediate causes that led to the aggressive reaction of the workers. The termination of employment by discharge or retrenchment and non-employment of former employees have been important reasons for these assaults. In 1949, a company director was killed by a discharged employee who sought re-employment in vain. In the same year and for much the same reason, another management official in a textile mill met with the same tragic end. In Bombay, as a result of non-employment, on an average, one in 30,000 workers resorts to fatal assaults and one in 3,000 resorts to non-fatal assaults on managerial personnel. The workers behave in this manner on account of the feeling that "injustice" has been done to them.

Discharges are precipitated usually on the recommendation of the workers' immediate supervisor. There are many in-

²¹ This section was first published as an article in the *Commerce*, 3 June 1950.

stances where workers are discharged because of insubordination to the supervisor or foreman. Such insubordination is occasionally due to the incompetence of the first line supervision. Therefore, no worker should be discharged without trying him out under different supervisors and, if possible, in different departments. The worker should be given every opportunity to answer himself all the charges raised against him. Moreover, he should be warned at least thrice before being discharged. An exit interview should be given to him to convince him that the management did all that it could to help him. Apart from taking the "aggression" out of the discharged employee, exit interview is helpful to find out if there is anything seriously wrong with the supervisors. The removal of incompetent supervisors is always necessary for the improvement of personnel relations.

On account of the poor relations between the workers and the supervisory personnel, the maintenance of discipline at the workplace has become a knotty problem. As shown in the above table, during 1948 and 1949, one fatal assault and twenty-one non-fatal assaults recorded in Bombay were caused by the attempts to maintain discipline. Regular attendance and alertness on the job, for instance, were normal points of discipline. While attempting to maintain or enforce such discipline, the supervisory personnel met with opposition from the workers. Trivial provocations such as asking not to sleep during working time had resulted in criminal assaults on those enforcing discipline. When asked about discipline and efficiency, the personnel executive of a company replied thus : "What can we do ? Discipline is poor. Efficiency is low. You will understand the kind of fix in which we are now, when you know of our difficulties in maintaining discipline. Honestly, none of us feels safe or secure. For the slightest provocation, which can be anything, who knows

if they (the workers) will not physically attack us ? There have been even cases of cold-blooded murder." However unfortunate it might be, the executive was perfectly right in what he said.

Maintenance of discipline has now become one of the most difficult problems of industrial management. Today what agitates the minds of management is the criminal reaction of working men. The feeling of personal insecurity among supervisors and higher officials has put these management representatives in an embarrassing predicament, and their power and authority has nearly become effete !

Dissatisfaction, despair, and frustration are the deep-rooted causes of the violent reaction of working men. A worker has his own reasons for dissatisfaction, sometimes right and sometimes wrong. He may feel that he is not adequately rewarded for his work or that his merits and virtues are not properly recognized. He may personally dislike his supervisor or fellow-workmen or the physical work environment or the character of the work he is asked to perform. Normally such a worker does not turn out good work. While his performance is poor, his supervisor or officer may get hard on him. Thus a chain reaction is set in train which will eventually end in bitter relations between the workers and the management officials.

Team Work is Much Needed

The foregoing picture of worker-management relations in Bombay is dismal indeed. The gravity of the degeneration needs no further emphasis and its seriousness is now largely conceded by many employers. Instead of setting about to solve the problem squarely, some of the employers express feelings of helplessness. This is understandable because of the immensity of the problem itself.

The development of team work is one of the most effective

means of solving this personnel problem. Good team work can be achieved only if there is a tangible common interest among the workers who form the team. Every team should have a team leader who can infuse a new spirit of co-operation to achieve a common target. It is leadership, and not bossing, that is needed in developing team spirit.

To illustrate the rôle of leadership, the personal experience of an engineer in a workshop in Calcutta may be cited. He was new to the job and had joined duty on a night shift. The men under him appeared highly indifferent to the work on hand. The output during that night was only 20 units which was just half the target production. The engineer was worried at this performance. He felt it was of no use to follow a policy of slave-driving, and the best policy under the circumstances was to win the willing co-operation of the workers. So, when he went to the workshop again on the second night, he called the men together and gave them some chocolates and toffees. The men liked this expression of good-will. Then the engineer requested, not ordered, the workers to produce at least 40 units, the target production. He also promised that he would let them go to sleep as soon as this target was reached. This new scheme appealed to the workers so well that they finished the work in 4 hours. On the third night, the workers were so happy that they finished 60 units in less than 5 hours—150 per cent of the target production. This remarkable increase in the rate of output was largely due to the improved relationship between the engineer and the workers. From a state of organizational morbidity, the workers emerged as a sporting team. There was a new wave of enthusiasm and hearty co-operation among the members of the team.

Likewise, Elton Mayo describes the results of an experiment in making and re-making work teams. "The consequence was that they (workers) felt themselves participating

freely and without afterthought, and were happy in the knowledge that they were working without any coercion from above or limitation from below. They were themselves astonished at the consequence, for they felt they were working under less pressure than ever before.”²² This experiment was conducted at the plant of the Western Electric Company at Hawthorne in Chicago. The proper organization of work teams, it is clear, can do wonders in industrial production. The success of the work team depends on the kind of leadership and the degree to which the men work in co-operation with the leader.

If it happens that there are some who do not suit the team, they can be transferred to other work teams where they may fit in better. There should be a temperamental affinity among the members of a work team. The personality of the team leader is as important as that of the members of the team. On many occasions, certain personality traits of the supervisor prevent any improvement in team work. In such situations, it is better to transfer the supervisor to other work teams rather than to make the work team adjust to the supervisor.

The making and re-making of work teams cannot be successful without a fundamental change of attitude. The slave-driving attitude of the managerial and supervisory personnel should give place to an attitude of providing leadership. Such a change will mean a revolution in managerial attitudes which is imperative to fostering better personnel relations.

Efficient running of business is no longer possible without the co-operation of workers. And no co-operation is possible if the workers feel that the management is out of touch with them and is not interested in their problems. Therefore, it is very necessary to have effective channels of communication

²² Elton Mayo: *The Social Problems of an Industrial Civilization*, p. 64.

through which the workers can express their complaints and grievances. Metaphorically speaking, the organizational structure has a centrifugal force of orders, instructions and directions that goes out from the top management. To maintain structural balance, there should be a corresponding centripetal force of suggestions, complaints, and grievances, if any, that converges on top management.

The management should assure the workers that complaints against their supervisors will not jeopardize anybody's position. By permitting self-expression without inhibition, the management can collect plenty of data which can be used in making and re-making work teams. "The true significance of the grievance," says Benjamin M. Selekman, "emerges only when we recognize the expression of dissatisfaction as a symptom of friction, of malfunctioning somewhere in this living structure of shop relationships."²³ The best way to avoid friction in industrial relations is to separate the friction-giving individuals or, in other words, to re-make the work teams.

The character and number of complaints and grievances give the personnel-minded executive a clue to the team spirit of the workers. Instead of looking upon a new complaint as another headache the executive should make effort to study what is behind it all. If in any particular department of the undertaking there are more complaints from many workers, the indication is that there is wide-spread dissatisfaction among the workers in that department. And if the complaints and grievances are of a serious character, the indication is that there is intense dissatisfaction. Apart from the number and character of complaints, the level at which they are settled is another index of the gravity of the situation. If to an increasing degree complaints are not settled within the depart-

²³ *Labor Relations and Human Relations.*

ment itself, there is good reason to believe that industrial morale is deteriorating.

High industrial morale goes with excellent team work and spontaneity of co-operating among employees and it is an ideal to be reached through well-planned and well-executed personnel policy. Morale is defined by W. E. Atkins and H. D. Lasswell as "that collective will which is built into groups by securing a subordination of the individual to the group, and a willingness to be disciplined in terms of group purposes."²⁴ This definition was given more than a quarter century ago and it still remains the best. Morale is spontaneous and it depends on the psychological attitudes of the working teams.

²⁴ *Labour Attitudes and Problems*, p. 314.

Industrial Absenteeism

ABSENTEEISM is recognized as a problem for the management because production is often held up as a result of frequent or prolonged absences.²⁵ Indeed, irregular attendance is an evil that should be avoided for more reasons than one. The attendance records usually show a fairly high rate of absenteeism and it should be noted that this high rate is an index of industrial dissatisfaction. We shall presently examine the incidence, causes, significance, and remedies of absenteeism.

Incidence of Absenteeism

The incidence of absenteeism can be measured in two ways : by its frequency and its severity. Ordinarily what is meant by absence rate or absenteeism rate is really the severity rate, that is, the loss of human energy expressed in terms of man-days. All available official statistics and definitions, whether they be American, British, or Indian, lead us to believe that the rate is always expressed in quantities of human energy lost. This rate can best be called the *severity rate* of absenteeism.

An innovation in absenteeism statistics is introduced by John Fox and Jerome Scott in their study *Absenteeism : Management's Problem*. They treated any absence by one man over a continuous period of days as one absence. "It seemed wise," says Elton Mayo, "to take figures that would, at least to some

²⁵ This chapter was first published as an article in *Business Week (India)*, Industries Number, 24 February 1951.

extent, minimize successive days of absence and maximize frequency of absences, especially absences without permission. By this method, considerable confusion was avoided. For example, two male workers were absent for 22 days in 1942. The one was out for 22 successive days with appendicitis and was not otherwise absent during the year ; the other was absent 11 times for two days mostly in the week-ends. The first was scored as absent once ; the second as absent 11 times.”²⁶ The reason why Elton Mayo and associates considered this *frequency rate* of absenteeism as the best yardstick is that group attendance patterns were obscured in any simple statistic by the inclusion of medical cases. In any case, the Fox-Scott method of analysing absenteeism rates could not be applied in this study owing to the non-availability of statistics in the desirable form.

The available data indicate that the severity rate of absenteeism was on the upgrade since the outbreak of the Second World War. After the war, in many industries and places, the rate showed a tendency to decline—in some industries since 1946 and in others since 1947. As for the seasonality of absenteeism, it is observed that last quarter of the year generally records lower absenteeism rates while the second quarter records higher rates than the other quarters. However, the difference between the seasons is not so appreciably high as to cause anxiety regarding the exodus of industrial workers during early summer which is the season for harvest as well as marriage.

Causes of Absenteeism

The official statistics of absenteeism collected by the Labour Bureau of the Indian Ministry of Labour give the following line of classification of the causes of absenteeism : sickness and

²⁶ Elton Mayo: *The Social Problems of an Industrial Civilization*, p. 81.

accidents, leave other than holidays, social and religious reasons, and other causes. The summary of the statistics of causes in certain industries since 1946 is given in the following table.

It appears that roughly a total of 32 working days are lost per worker per annum. The absence owing to illness or injury amounts to 8 days. In America a careful study carried out by the U.S. Public Health Service led to the conclusion that the average American worker lost 9 days annually owing to illness during 1935-1936.²⁷ Despite all the appalling conditions of work and living of the Indian worker, his absence owing to illness compares favourably with that of the pre-war American worker. It is quite possible that spurious cases of sickness may be included in the statistics of absences due to illness. A distinction between real and alleged sickness can be made only through medical investigation in each case of reported sickness. However, such medical investigation is not undertaken by the vast majority of business undertakings. And the workers do not hesitate to report themselves sick if they gain any advantage by doing so. There are many cases of workers' asking for sick leave when no other means are open to them to remain absent without running the risk of their being struck off the pay-roll. To remain absent without any justifiable reason, knowing fully well that they may not get paid for such days of absence, is indeed an indication that they somehow want an escape from the kind of disagreeable and distasteful work and work environment. Such absence of the low-paid workers in spite of the loss of their pay, their only source of income, certainly indicates that they are highly discontented with their employment.

The industrial workers, as far as they possibly can, leave

²⁷ U. S. Public Health Service, *National Health Survey*, 1935 to 1936, quoted in *Monthly Labor Review*, March 1938.

TABLE 6.1—AVERAGE SEVERITY RATES OF ABSENTEEISM, CERTAIN INDUSTRIES AND PLACES,
INDIA, 1939, 1943 AND 1946 TO 1952

Ratio of Man-days Lost to Hundred Man-days Scheduled to Work

Year	Cotton Textiles					Kanpur
	Bombay ^a	Ahmedabad ^b	Sholapur ^a	Madras	Madura	
1939	10.5	3.3	10.8	b	b	b
1943	10.8	4.8	14.7	b	11.1	b
1946	14.2	7.4	20.1	11.0	16.0	12.9
1947	14.4	6.4	19.1	10.3	14.7	13.8
1948	13.3	5.9	18.1	9.1	13.9	16.1
1949	15.9	7.4	21.3	8.6	13.1	16.1
1950	14.5	8.4	20.1	9.5	14.6	15.6
1951	12.7	8.3	18.7	8.9	11.3	16.1
1952	12.7	8.8	20.2	9.7	10.5	12.0
						10.3
						11.7

INDUSTRIAL ABSENTEEISM

TABLE 6.1—*contd.*

Year	Woollen (Kanpur)	Leather (Kanpur)	Engineering (Bombay)	Ordnance (India)	Cement (India)	Match (India)	Iron & Steel (India)
1946	8.1	9.7	19.9	10.2	13.2	b	b
1947	11.5	15.5	13.8	12.2	12.4	b	14.3
1948	10.6	8.0	13.4	10.6	10.9	10.9	13.5
1949	11.0	11.3	13.6	8.5	10.1	10.8	12.4
1950	12.5	8.4	13.1	8.0	10.6	11.0	11.0
1951	13.2	7.8	13.9	8.9	11.5	10.5	10.6
1952	9.4	9.2	13.4	9.4	11.5	10.9	10.9

a. Up to 1948 (inclusive) night shifts are not covered.

b. Figures not available.

Sources : *Indian Labour Gazette*; *Bombay Labour Gazette*, U.P. *Labour Bulletin*; and Labour Investigation Committee : *Main Report*.

TABLE 6·2—ANALYSIS OF ABSENTEEISM BY CAUSES, CERTAIN INDUSTRIES, INDIA,
JANUARY 1946 TO SEPTEMBER 1952

Ratio of Man-days Lost to Hundred Man-days Scheduled to Work

Industry	Cause of Absenteeism					Total
	Sickness and Accidents	Leave other than Holidays	Holidays	Social and Religious	Other	
Cotton Textile (Madras State) ^a	...	2.7	3.9	2.1	2.7	11.4
Ordnance (India)	1.4	5.1	0.3	9.1
Cement (India)	3.0	3.9	1.4	8.2
Match (India) ^b	2.1	1.8	0.3
Iron and Steel (India) ^c	2.7	6.2	3.0
						12.5

INDUSTRIAL ABSENTEEISM

Man-days Lost per Employee per Annum^d

Industry	Cause of Absenteeism					Total
	Sickness and Accidents	Leave other than Holidays	Holidays	Social and Religious	Other	
Cotton Textile (Madras State) ^a	7.8	11.3	6.1	7.8
Ordnance (India)	3.9	14.8	0.9	26.8
Cement (India)	8.7	11.3	4.1
Match (India) ^b	6.1	5.2	0.9
Iron and Steel (India) ^c	7.8	18.0	1.7
						36.2

a. Exclusive of the last quarter of 1948.

b. Exclusive of 1946, the first half of 1947, and November 1950.

c. Exclusive of 1946, 1947 and 1948.

d. Assuming that 290 man-days constitute a man-year.
Source : Computed from *Indian Labour Gazette*.

the industrial towns for their rural homes—the majority of workers still have some sort of homes in the villages—when they find themselves seriously ill. It is an irony of fate that when the well-to-do people from the countryside come to the cities for better medical treatment, the poor workers go in the opposite direction and leave the industrial metropolises, the free public hospitals being not large enough to admit all the patients. The medical aid provided by certain employers is helpful for cases of minor ailments alone. The cases of serious illness which require hospital treatment are not adequately attended to, because the employers as a rule do not run hospitals for their employees. (The Central Railway Hospital and the Northcote Police Hospital are the only exceptions in Bombay). The overcrowding in public hospitals and the enormous expense in getting private medical treatment in the cities drive the poor sick workers to the villages where they get nursed by their own family folks and treated by some country physicians. Many of those who survive the illnesses are disinclined to return to the towns immediately, owing to the aversion to the kind of work and life in those industrial towns. Such feeling, despite the many diversions and interesting experiences and the higher wage-rates which the cities can offer, is an indication that the conditions of industrial employment are distasteful to the workers. They stay away so long in the villages without intimating the employer the reasons for the absence that the employer considers them as separated employees rather than as mere absentees. This situation leads to an understatement of the rate of absenteeism due to sickness. One cannot say how far this understatement is offset by the overstatement arising from the spurious cases of reported sickness.

As for the absences owing to social and religious reasons, it can be stated that the average Indian worker loses only 3

days in the year. Although this figure is relatively small, one cannot overlook the fact that the 3 days' absence is in addition to the large number of general holidays. (On an average, the factories in Bombay work for about 290 days only during a year). It is quite possible that the worker might take previous permission to remain absent to participate in some ceremonies and celebrations. Likewise, the absences classed under "leave other than holidays" imply some permission from the employer. Such leave other than holidays accounts for 12 days' absence from work per employee per annum. This is in addition to the leave taken for sickness, accidents, and social and religious functions. Whether prior permission is taken or not all these absences can be considered as authorized or excused absences. Now what we can reasonably make out to be "unexcused absences" are those that are grouped under a miscellaneous head called "other causes" which account for 9 days' absence annually per employee. The unexcused absences, beyond a certain limit, are not tolerated by most employers. In some companies, if any unexcused absence exceeds 3 consecutive working days, the worker concerned is likely to be discharged forthwith. The average worker does not ordinarily remain absent for longer periods without giving a satisfactory explanation, unless he has reasonably certain opportunities for an alternative employment. However, it cannot be gainsaid that the unexcused absences indicate a highly indifferent and irresponsible attitude on the part of workers.

Significance of Absenteeism

The psychological attitudes animating the chronic absentee are illustrated well by Lee Hill thus : "The average worker hates to admit, even to himself, that his job has become so distasteful that he prefers to stay home and listen to 'soap

operas' rather than go to work."²⁸ Obviously, the absences on account of such attitudes are an index of industrial dissatisfaction and discontent. Off and on, the workers absent themselves for reasons genuine as well as spurious, and even sometimes for no ostensible reasons. The frequency of the latter kind of absences reveals the relative degree of the industrial discontent. In any department or plant, if it is observed that there is a greater frequency and severity of absenteeism, relatively to other departments or plants, the unpleasant fact is that there is a greater degree of discontent in that department or plant. Likewise, if over a period of time—no matter what the unit of time is—the absenteeism rates register an appreciable rise in any industrial unit or part of a unit, it is a clear indication that industrial discontent is growing.

The limitations to this observation are as follows. Firstly, if epidemic diseases affect the industrial community in any period of time, the consequent increase in absenteeism can have no relation to industrial discontent. Likewise, in the event of communal riots, or social or political convulsions, or serious disorders in the system of transportation, or other calamities, the consequent increase in absenteeism cannot be held as an index of industrial discontent.

Secondly, any change in the workers' freedom of self-expression can and does influence absenteeism rates, even when the degree of discontent remains constant. If the freedom of the worker to absent himself is curtailed, there will be, in all probability, a reduction in absenteeism rates. Punitive methods of administration can suppress absenteeism. But this will only mean that one of the manifestations of industrial discontent is suppressed. When absenteeism is so suppressed labour turnover rates may rise, i.e., if there are no restrictions

²⁸ *Pattern for Good Labor Relations*, p. 14.

on free mobility of labour.²⁹ The fact is that when one outlet of discontent is blocked, it will find expression through other outlets.

The Badli System

Often, absenteeism entails stoppages of production. The degree at which production can be maintained in spite of absenteeism depends on the supply of floating labour which is capable of being absorbed temporarily to fill in positions rendered vacant by absenteeism. In times of labour shortages, employers find it difficult, even impossible, to find substitute workers in all occupations, including the very unskilled. Actually during 1942-1943, several cotton textile mills in Bombay, for instance, found it difficult to get sufficient number of substitute workers. But when the labour supply position eased, as it did after the war, plenty of substitute workers were available for the unskilled and semi-skilled occupations. However, it remains still difficult to find substitute workers in some of the skilled and highly skilled occupations. The trend in the supply of substitute workers indicate that the difficulty of finding substitute labour varies proportionately to the degree of skill required for any job.

However, in the skilled and better-paid occupations, the rate of absenteeism is lower relatively to the unskilled occupations. This is so because of a greater degree of responsibility and a better pride of performance characterizing skilled work which keeps the worker's interest in the job. The lower rates of absenteeism in the skilled occupations minimize the danger of their remaining vacant for long periods.

The system of employing substitute workers in the positions rendered vacant through absenteeism is called in India the *badli* system. The *badli* system is essentially a remedy

²⁹ We shall examine in the next chapter how labour turnover is also an index and a manifestation of industrial discontent

adopted to meet the exigencies that arise from absenteeism and is helped by the plentiful supply of floating labour. Its intrinsic advantage is that, if the workers who are scheduled to work choose themselves to remain absent and the employer finds an adequate number of substitute workers, the employer need not keep the machines and materials idle. In other words, the *badli* system prevents, at least minimizes, production hold-ups. It also provides employment, although for short periods, to the men who would otherwise have remained idle. Thus a larger number of men makes use of the available employment opportunities. We may therefore infer that society is a gainer, and not a loser, on account of the *badli* system.

Yet from the point of view of the individual *badli* (substitute worker) this system does not look so bright. The *badli's* relationship with the management is merely through the cash nexus. He has no lasting loyalty to the employer. He has no security of tenure and he is liable to be dismissed without previous notice, and most unceremoniously, for any or no reason at all. The employer pays little attention to the *badli*, and denies him the privileges which permanent workers enjoy. This awful predicament of the *badli*, coupled with his lack of experience, makes him an inefficient worker. Although the employers understand this, they find themselves without any better alternative.

The presence of large numbers of *badlis* is harmful to the development of work teams. The speed with which the composition of the work teams changes can only be described as kaleidoscopic. The *badli* system has all the problems of labour turnover. It is in fact a species of labour turnover. It accounts largely for the changing pattern of group attendance and, therefore, deserves the attention of the management. Spontaneous co-operation cannot develop within quick-changing

work teams. This organizational instability is destructive of employee morale.

Let us review the *badli control* in the Bombay cotton textile mills. For more than a decade, these mills exercised a regular control over the employment of substitute workers. *Badli cards* were issued to the more eligible employment seekers who formed a reserve of man-power attached to each mill and crowded at the gate at the commencement of every shift. It was from this reserve that the selection of substitute workers was made. The idea behind the scheme was to restrict the number of individuals employed over a period of time.

This scheme worked successfully as far as it satisfied the day-to-day man-power requirements of the employers. The control had been advantageous to the workers too. Fewer individuals shared the available work so that each could work for more days in the year. Nevertheless, most of these *badlis* lived in perpetual fear of unemployment, for their employment was essentially of a casual nature.

Decasualization Scheme

Of late, the *badli* control plan has undergone a change for the better. The *badli* control is now more systematized and centralized under the new textile labour decasualization scheme introduced by the Bombay Government. The scheme is worked by a tripartite agreement between the State Government, employers, and unions. The Government runs employment exchanges in Ahmedabad, Bombay, and Sholapur. These exchanges undertake to supply workers to all the cotton textile mills that come within each specified local area. These specialized exchanges occasionally draw workers from and supply workers to the chain of general employment exchanges run by the Central Directorate-General of Resettlement and Employment.

The progress made by the cotton textile labour decasual-

ization scheme is shown in Table 6.3. The scheme met with the largest measure of success in Bombay, where the difference between the total number of registrations and placements was the least. However, it is not very easy to compare the figures of registration and placement. A worker once registered at any of these specialized exchanges is registered for life. New registrations are additions to the total of man-power handled by these exchanges. On the other hand, each placement of any single worker is added on to the total of placements so that if he is placed in one mill for two months and in another for six months and in a third mill for four months, there will be a total of three placements made. Likewise, figures of the demand made by the employers and the number of workers submitted for interview and selection include not only the first demand and submission in respect of a vacancy, but also each successive demand and submission.

The success and wide popularity of this decasualization scheme, of this collectivized operation of the labour market, is of serious import. This shift towards collectivism is of benefit to employers as well as workers. But, is this decasualization scheme a means to ensure organizational stability ? Can this scheme be a final answer to the challenge of absenteeism ? Decasualization of labour cannot obviously solve the problem of absenteeism. The workers will still continue to be absent off-and-on for reasons best known to themselves.

However, the fewer the number of individuals on the active list maintained by the employment exchanges, other things remaining constant, the greater will be the "velocity of circulation" of the workers. This in effect means that the available employment will be shared by fewer persons and that, while preventing or minimizing casual employment and permitting more or less continuous employment, the inter-firm mobility of labour will increase. The greater the inter-firm

INDUSTRIAL ABSENTEEISM

71

**TABLE 6·3—PROGRESS OF THE COTTON TEXTILE LABOUR DECASUALIZATION SCHEME, BOMBAY STATE,
1950 TO 1952**

Stage of Recruitment/Selection	Number of Workers			Total
	1950	1951	1952	
Bombay				
Registration of workers	109,904
Demand for workers	147,615
Submission of workers	181,753
Placement of workers	97,599
Ahmedabad				
Registration of workers	33,077
Demand for workers	45,985
Submission of workers	47,611
Placement of workers	17,199

TABLE 6.3—PROGRESS OF THE COTTON TEXTILE LABOUR DECASUALIZATION SCHEME, BOMBAY STATE,
1950 TO 1952—*concld.*

Stage of Recruitment/Selection	Number of Workers			Total
	1950	1951	1952	
Sholapur				
Registration of workers	12,548
Demand for workers	1,773
Submission of workers	2,356
Placement of workers	1,628
				2,896
				18,274
				3,243
				7,771
				4,354
				10,173
				2,950
				7,211

Source : Press Note issued by the Government of Bombay, Directorate of Publicity.

mobility, the swifter will be the change in the composition of work teams. And kaleidoscopic work teams are not conducive to the development of *esprit de corps* and team work.

It must be clear that the *badli* system, even as improved under the decasualization plan, is a problematic remedy, for the employment of substitute workers can be considered only as a make-shift adjustment to meet the exigencies arising from absenteeism. The *badli* system is not a lasting solution of the problem of absenteeism, for it does not touch the preventive aspect of the problem at all. It must be admitted that there is an irreducible minimum of absenteeism just as there is of unemployment. As absenteeism is largely the result of industrial fatigue and discontent, it will be beneficial to pursue a policy of regularizing absences. As recommended by the Labour Investigation Committee, the workers should be given leave even without pay—if they need it—for a sufficient number of days every year. More and better facilities for medical aid and hospitalization will reduce the incidence of absenteeism due to sickness and injury. As for causes other than sickness and injury, no tangible remedy can be suggested other than an effort to minimize the industrial fatigue, dissatisfaction, and disharmony. Being a symptom of industrial discontent, absenteeism requires to be recognized as a part of that bigger problem of industrial disharmony. Therefore, it is perhaps futile to spend time and energy in fighting absenteeism, unless industrial harmony can be ushered in. For the fundamental cause of absenteeism is discontent and its sovereign remedy is industrial harmony.

Personnel Mobility

THE movement of employees from one job to another and from one firm to another causing changes in the composition of personnel is called personnel mobility.³⁰ This mobility is directly related to the conditions of service and the nature of industrial relations obtaining in an industry. "All policies designed to improve industrial relations will fail," says Hare "unless permanency of employment is assured for most workers and a labour force can be built up well integrated by ties of tradition, pride in work, skill and long familiarity."³¹ In certain undertakings labour mobility is high, while in certain others it is comparatively low. What are the fundamental factors influencing mobility of labour? And what can we do about it? Mainly these are the questions that are answered in this chapter.

Definitions

Personnel molibity may be within the same firm or between different firms. The inter-firm mobility of labour is known as "labour turnover." The Labour Investigation Committee defined labour turnover as "the rate of change in the working staff of a concern during a definite period."³² Labour

³⁰ This chapter was first published as an article in *Commerce Annual Review Number*, December 1949.

³¹ A. E. C. Hare: *Report on Industrial Relations in New Zealand*, p. 105.

³² Labour Investigation Committee, *Main Report*, p. 105.

turnover refers to the shift or movement of personnel *into and out of* the workforce of a firm or organization. The movement of personnel *into* an organization is called labour accession which means engaging or hiring a new worker or re-hiring a former employee in any status or for any category of job. Since workers under a contractor are not in the direct employment of the firm, changes in the personnel of the contractor do not affect the firm's labour-turnover position or organizational stability. The movement of personnel *out of* an organization is usually referred to as labour separations which consist of quits or voluntary resignations, lay offs or retrenchment, and discharges and dismissals.

Among the basic terminology used in labour turnover studies, just one more requires to be mentioned, namely, *replacement* which is the accession to replace a separation. Actually, there is a school of thought which equates labour replacements with labour turnover. Paul H. Douglas, who is the originator of this idea, holds that, from a business stand-point, "separations that are not to be replaced by engaging new workers cost nothing and, if unavoidable, accrue benefit."³³ Douglas's formula is an improvement on the "Rochester" formula that was enunciated by an association of business executives. According to the "Rochester" method, the percentage of labour turnover is simply the rate of separations per hundred full-year workers. The controversy between the "Rochester" and Douglas groups has not yet ended.

The labour turnover statistics published by the U.S. *Monthly Labor Review* contain only accession rates and separation rates, and not replacement rates as such. But the *Review* claims that replacement rates can be computed from

³³ Paul H. Douglas's article in the *Bulletin of Taylor Society*, August 1919, referred to in Gordon S. Watkins and Paul A. Dodd, *The Management of Labor Relations*, p. 230.

its published statistics of accessions and separations.³⁴ The replacement rate is assumed to be equal to the accession rate or separation rate whichever is less. Although the argument appears sound *prima facie*, it is in fact highly vulnerable. The defect in this ready-made "replacement rate" will be clear as soon as one starts working on original data. Let us take just 100 firms including both contracting and expanding firms for computational purpose. Normally, a contracting firm will have more separations than accessions, in which case the accession rate will become the replacement rate as well. Contrary-wise, in an expanding firm, the separation rate will become the replacement rate ; it becomes obvious that the average accession rate will be higher than the average replacement rate. If then the replacement rate is lower than both accession and separation rates, the *Monthly Labor Review* statistics of accession and separation rates do not permit us to compute statistically valid replacement rates. To illustrate, if the accession rate in the U.S. manufacturing industries in a given period is 45 per cent and the separation rate 47 per cent per annum, we cannot conclude that the replacement rate is 45 per cent ; but if we do conclude so, it will be a clear overstatement. Here we are brought face to face with the practical difficulties of computing theoretically sound replacement rates. We have not only to split data on accessions and separations industry-wise and plant-wise but also, within the plant, department-wise and section-wise. The ideal is to collect separately the number of actual replacements, along with accessions and separations. Any short-cut method of computing replacement rates will lead to an over-statement.

A word about rates as such. Accession rate, for example, is the relationship between the actual number of accessions

³⁴ See "Measurement of Labor Turn-Over," *Monthly Labor Review*, October 1949, Vol. 69, No. 4, pp. 417-421.

during a given period of time and the average number of employees during the same period. Customarily, these rates are expressed in percentages. Thus the formula for accession rate will read :

$$a = \frac{100 A}{E},$$

where a is the accession rate, A is the total number of accessions, and E is the average number of employees. In the same way, replacement rate, separation rate, quit rate, lay off rate, and discharge rate can be computed.

Incidence of Labour Turnover

The results of a survey of labour turnover in a selected sample of manufacturing establishments in Bombay are given in Table 7.1. Among the different types of labour separations the quit rate is amazingly high. Expressed as the percentages of total separations the quits account for 85 per cent, the lay offs 4.5 per cent, and discharges 10.5 per cent. Certain miscellaneous separations such as emigration to Pakistan are included among quits.

TABLE 7·1—AVERAGE ANNUAL RATES OF LABOUR TURNOVER IN MANUFACTURING INDUSTRIES, BOMBAY, 1946-48

Industry Group	Separation Rate Per Cent					
	Quit Rate	Lay Off Rate	Dis-charge	Total of (2), (3), and (4)	Accession Rate	Per Cent
1	2	3	4	5	6	
Public undertakings ...	2·8	0·0	2·5	5·3	11·6	
Textiles ...	64·5	2·5	5·2	72·2	50·8	
Engineering ...	53·9	3·8	10·2	67·9	68·3	
Other manufacturing ...	33·9	1·4	2·5	37·8	36·8	
All manufacturing industries	43·6	2·3	5·4	51·3	48·4	

Source: Sample survey by the author.

According to the "Rochester" method, the average labour turnover rate is the labour separation rate which is 51.3 per cent here. But according to the method followed by Douglas, the labour turnover rate is the labour replacement rate which is 40.7 per cent here. This replacement rate is computed from the primary data, independently of figures in the above table.

TABLE 7·2—LABOUR TURNOVER IN COTTON TEXTILE INDUSTRY,
BOMBAY STATE, 1950 TO 1952

Year	Separation Rate (per cent)	Accession Rate (per cent)
1950 ^a	12·30	16·72
1951	13·44	19·77
1952	14·71	21·97

a. April to December only.

Source : Bombay *Labour Gazette*.

The statistics of labour turnover as given in Table 7.1 are not strictly comparable to the official statistics in Table 7.2. In the official statistics, separations and accessions recorded in the register of permanent employees alone are taken into account, while the large number of substitute and temporary workers is left out of consideration altogether. This defect in official statistics partly accounts for the wide disparity between the turnover rates as given in these two tables. A more important reason for this disparity is that the number of employees in any establishment bears an influence on the rate of labour turnover, as we shall see presently. The average workforce in the factories covered by the official statistics consists of approximately 2,310 workers, while the average workforce in the factories covered by the present

writer's sample survey (basis of Table 7.1) consists of only 323 workers.

TABLE 7.3—LABOUR TURNOVER RATES ACCORDING TO SIZE OF WORKFORCE, COTTON TEXTILE INDUSTRY, BOMBAY STATE, MARCH 1950 TO MARCH 1953

Size of Workforce	Approximate Number of Factories	Average Monthly Separation Rate (per cent)	Average Monthly Accession Rate (per cent)
100 and under	12	5.83	7.86
101 to 500	13	6.58	9.20
501 to 1000	9	1.72	3.95
1001 to 2000	54	1.00	1.47
Over 2000	78	1.17	1.66

Source : Computed from Bombay *Labour Gazette*.

Although the inverse relationship between labour turnover and size of workforce is clear in Table 7.3, the coefficients of correlation are also computed to offer greater statistical accuracy :

Correlation between size of workforce and separation rate : $r = -0.6786$.

Correlation between size of workforce and accession rate : $r = -0.7897$.

This high negative correlation shows the influence of worker concentration on labour turnover : the larger the number of employees in an undertaking, the lower the rate of labour turnover and vice versa.

TABLE 7·4—LENGTH OF SERVICE AND SEPARATION RATE, MANUFACTURING INDUSTRIES, BOMBAY, 1946 TO 1948

Industry Group	Average Length of Service of Active Employees on 31st December 1948 (years)	Average Annual Separation Rate per Employee from 1946 to 1948
Textiles	1·8	0·72
Engineering ...	2·3	0·68
Other manufacturing	2·5	0·34
Public undertakings	5·8	0·05

Source : Sample survey by the author.

It is also of interest to find out the relationship between labour turnover and the length of service of employees. Table 7.4 shows that there is a negative correlation between labour turnover and length of service.

Table 7.4 shows a high negative correlation between length of service and separation rate : when there is a high separation rate, the average length of service will be proportionately low, and vice versa. Other things remaining constant, the long term trend will, in fact, indicate that the average length of service of separated employees will approximately be the mathematical reciprocal of the separation rate per employee.

Significance of Labour Turnover

Constant flux and change in the personnel is wasteful for two reasons. First, it renders the work teams kaleidoscopic in composition and thereby it reduces the *esprit de corps* and industrial morale. In a constantly changing workforce, there can be little co-operation among the workers themselves or

between the workers and the supervisory and managerial personnel. No team spirit can develop when no employee stays on for more than, say, three months in an undertaking. By the time a worker acquaints himself with his new work and new fellow-workers, many of them would have already left the undertaking. When the workers in an undertaking are always on the look-out for better opportunities elsewhere, they are not likely to have any interest in their work. In such an atmosphere, there can be no spontaneous co-operation, but only industrial disharmony.

Moreover, the constant change in personnel entails a certain amount of cost to the employer. The time, energy, and money spent on a new worker in engaging and training him on a job and making him adjust to a new work situation will all have been wasted if he is not going to stick on to the job for a reasonable length of time. In certain establishments in Bombay, it is observed that the majority of workers do not remain in employment for more than three or four months. Such excessive labour turnover is found in other parts of the country also. The Labour Investigation Committee's *Main Report* shows that in many undertakings in Bengal, Madras, Madhya Pradesh, Punjab, and Rajputana, labour turnover rates were exceedingly high. Several undertakings during war-time recorded over 500 per cent labour turnover per annum.³⁵ In other words, the average length of service of employees in these undertakings was just over two months. In some of these establishments, the labour separations were entirely due to voluntary resignations or quits. The quitting workers look upon the low-wage establishments as mere spring boards to secure better employment elsewhere. These establishments serve as training schools for the workers. By the time the worker acquires enough skill and familiarity

³⁵ Labour Investigation Committee: *Main Report*, pp. 109-112.

with the work assigned to him, he will have left the establishment. Because of the lack of adjustment to the new work situation during the short period of employment, the worker's production record will usually be low. Excessive labour turnover, therefore, is wasteful from the point of view of the employer.

While the employer suffers the loss owing to an excessive rate of resignations, most of the resigned employees secure better employment elsewhere. But the discharged and laid off workers, if they succeed in getting alternative employment, will find such employment worse. Exceptions to this rule will depend on general labour market conditions and the demand for particular types of workers in relation to their supply. In almost every case of labour separation, either the employer or the worker loses. While labour separations which benefit the employers as well as the workers are very few, there is a large number of separations which benefits practically none. For instance, the worker who goes on leave to his village usually "overstays his leave," and in consequence his name is removed from the pay-roll, he being considered as having "left voluntarily." When he returns after a long stay in the village, his place in all probability will have been taken by somebody else. As re-employment in the same establishment and in the same capacity is not always possible, he has to search for other employment. It is then quite possible that he may land up in some job which carries a lower pay. Since labour separations cause loss or suffering either to the employer or to the employee, if not to both, it is better for all concerned to prevent labour separations as much as possible.

Reducing Labour Turnover

Labour turnover rates can diminish only if the causes leading to excessive labour separations can be eliminated. A

correct diagnosis of the causes is imperative to any effective tackling of the problem. But unfortunately, quantitative facts regarding the causes could not be had largely because employers had but meagre records which were poorly kept and did not admit of statistical treatment.

Analysis of causes leading to voluntary separations is the most difficult to obtain. Even a system of "exit interview" will not work in this case for the simple reason that quitting workers do not turn up for such an interview. In good many cases, it is strange to find that "quits" are consequent on "overstay of leave"; in other words, quitters include men who do not return to work at the end of the leave period.

Sometimes, quits are occasioned by friction with supervisors and fellow-workmen. Dissatisfaction with the nature and conditions of work, difficulties of "journey to work," and congested and filthy living conditions, are all causes of voluntary resignations. Lay offs are largely due to cyclical or random fluctuations in business conditions calling for reduced output. Discharges are usually the result of dishonesty, incompetence, or gross violation of rules and regulations.

If reduction of labour turnover is to be intelligently done, adequate statistical control is imperative. While analysing the causes of separations, facts must be collected department-wise so as to know which department is most affected. Further, an analysis must be made of the distribution of labour turnover according to such factors as occupation, skill, sex, age, length of service, and education. Careful study of these turnover statistics will help the personnel executive to lay down policies for corrective action. It is not possible to prescribe any single remedy as a cure-all. As causes may vary from place to place and from time to time, managerial action can best be guided by commonsense and practical considerations in each case.

However, removal of wage maladjustments through job evaluation or other mutually acceptable method will go a long way in reducing this silent unrest. Where low wages are responsible for high labour turnover rates, it may be debatable whether large increases in wages may benefit the undertaking. Probably, where cheap labour is available in abundance, the employer may think he will earn less if he pursued an enlightened labour policy. But attempts to keep wages unduly low will not work for long even despite the lack of organization among workers. Statutory and arbitral wage fixation is gathering so much momentum that even the sweated industries are being brought within the ambit of State regulation. Minimum wage legislation is being gradually implemented.

If the support of employees can be enlisted, it should be possible for the management to study the cases of resignations. Where did the resigned employees go ? Did their economic condition improve or deteriorate ? Do they feel sorry for having left the employment ? These questions can be answered somewhat satisfactorily if the management officials can command the confidence of the workers. Again, cases of discharge should be reviewed so as to find out if any of the management officials was unfair in "sacking" the workmen. Shop-steward system, too, puts the management officials on the guard against unfair action. The drive for reducing labour-turnover rates will meet with an appreciable degree of success if joint consultative committees can give serious attention to the matter.

Mention may also be made of improved systems of recruitment, selection, and placement. If the right type of workers is selected for the right job and if conditions of service are moderately satisfactory, one should think that labour turnover rates can be kept within limits.

Intra-Firm Personnel Mobility

Intra-firm personnel mobility refers to the labour changes within the firm, viz., transfers, promotions, and demotions,

TABLE 7·5—INTRAFIRM MOBILITY RATES IN MANUFACTURING,
BOMBAY, 1946-1948.

Industry Group	Promotion Rate	Transfer Rate
	Per Cent (per year)	Per Cent (per year)
Public undertakings ...	4·6	0·8
Textiles	0·9	0·6
Engineering	1·4	1·3
Other manufacturing ...	1·5	0·2
All manufacturing industries	1·5	0·6

Source : Sample survey by the author.

respectively. Transfers and promotions carry with them certain advantages to the employers. The efficiency and morale of employees are raised when vacancies are filled in by promotions and transfers from within the organization rather than by selection from outside. To achieve organizational stability a certain degree of intra-firm mobility is essential. But unfortunately, most employers do not at all offer promotions to the rank and file workers and, where they do so, such instances will be significantly few. On an average, just one or two in a hundred workers secure promotions during a year. This low promotion rate speaks of organizational ill-health. The continued interest in work, the increased effi-

ciency and the growing loyalty of the worker are all lost when the worker finds himself on a dead-end job. Frustrated ambition, disinclination to put in sufficient work, and growing friction with supervisory and managerial personnel, are all partly due to very low promotion rates.

Not only should there be an optimum rate of promotions, but desirable principles should be followed in effecting promotions. Some firms where promotions are recorded are conspicuous by the absence of any well-defined promotion policy. To serve as a stimulus to employee morale, promotions must be based on a clear-cut plan, preferably, an open promotion policy. It should be made clear whether promotions are based on merit or seniority or a combination of both. A written promotion policy, as part of the general personnel policy, should be adopted by employers and joint consultative committees, lest the employees should suspect favouritism and corruption in the ranks of managerial personnel. It appears that a few undertakings did have some steady promotion policy ; but the fact that they refused to divulge the policy, made one doubt whether there were any odd and suspicious features in the policy. Should an impartial observer have to doubt in this way, how much more would an employee doubt ?

As for transfers, they are beneficial to the employer in two ways. First, they help to avoid or minimize lay offs and meet organizational readjustments during exigencies of business life. An expanding firm will not require such transfers as much as a contracting firm will. If there are more workers than necessary in a particular department or plant, they can be usefully transferred to other departments where more workers are needed. At least some of the vacancies caused by separations could be filled in by appropriate transfers. This type of transfers directly benefits the employer and the individuals who make the adjustment, although the employees

thus transferred may require a certain degree of re-training. Secondly, transfers help to solve personal or technical difficulties arising from improper placements. Workers whose performance is found to be poor should be given a try-out in other departments before the discharge. Such transfers and try-outs, not only give a lot of relief and satisfaction to the transferees but also indicate the success or failure of the supervisors and line executives in handling personnel. It must be stressed, however, that wrong transfers are worse than no transfers and that too many transfers too frequently made may harm the stability of the workforce of the firm.

In conclusion, labour turnover rates in Bombay are far above the optimum and intra-firm mobility rates are, in contrast, far below. There is a partial negative correlation between the two. When intra-firm mobility rates, particularly promotion rates, rise, labour-turnover rates tend to fall, and vice versa. Poor promotion rates provide one of the background influences of high separations rates. Among other things, an enlightened policy in regard to promotions and transfers, should contribute to a lowering of labour-turnover rates. The responsibility for fostering healthy personnel mobility rests on the employer. It is to his advantage, too, and to that of the community that he should strive to foster organizational stability as a step towards achieving industrial harmony. He should reckon unhealthy movement of personnel as an index of industrial disharmony and make efforts to build up better relations with his employees.

Economic Sanctions

ECONOMIC sanctions in the industrial realm are the weapons which labour and management use to bring to bear their respective economic strength in labour-management disputes.³⁶ The economic sanctions obtaining in a free society are the strike, the lockout, the blockade, the boycott, the blacklist, and the "register." This long list is frightful because of its destructive potentialities. The effectiveness of these sanctions is, however, limited by the restrictions imposed by the law and by the inherent weakness of either party because of lack of adequate organization.

Strikes and Lockouts

The strike and the lockout are by far the most important and most widely used economic sanctions. The workers and the employers are sufficiently organized for the effective use of these sanctions which are relatively easier of application. Actually, the labour union movement in India was started by organizing strikes. The end of the first global war witnessed the formal inauguration of trade unionism in India. Since then, strikes and lockouts have become one of the most vexing problems facing Indian industry.

In the labour market, the strike is a mode of exercising the economic power of the suppliers of labour. The supply

.³⁶ This chapter was published as an article in *Commerce*, 4 and 25 November, 1950.

of labour is withdrawn strategically to force the entrepreneur to accept certain terms and conditions favourable to the labourers. This withdrawal of labour supply, this concerted abstention from work, is called the strike. The strike is usually characterized by a large number of workers staying away from the workplace. These strikers hope to go back to work as soon as the issues they are fighting for are settled. For the most part, the strikers do not get paid for the days they are out on strike. To offset the danger of losing wages, often the strikers remain at their place of work, in which case the strike is known as a tools-down strike or sit-down strike. The sit-down strikes usually act as a provocation for the employer to declare a lockout. The employer resorts to the lockout to spite the workers and to prevent any sabotage at the workplace.

The exercising of these economic sanctions is necessitated by serious industrial differences. Management and labour both may be anxious to spare the strains of economic sanctions, but yet hope for favourable results. The outcome of a strike or lockout depends on the staying power of the parties. Precluding State intervention, that party wins which tires out the other.

However, State intervention in labour-management disputes is quite a usual feature in India. Apart from prohibiting or proscribing strikes and lockouts, the State has on several occasions intervened to break labour strikes ! In the Bombay docks, for instance, military personnel were made to clear cargo from the ships when the waterside workers struck work. In certain other cases, Home Guards and policemen were deployed to carry out the normal duties of the workmen in essential services.

Occasionally, the employers themselves attempt to smash strikes, without the direct assistance of the State. However,

it is becoming increasingly difficult for the employers to engage strike-breakers. The striking employee looks with some sense of ownership upon the position which he temporarily leaves in protest. It is his conviction that the strike-breaking employee is a traitor to the working class solidarity. Feelings run high in this sort of situation and new job-seekers seldom dare to enter a strike afflicted workplace. Therefore, during a labour strike, when new supply of labour is not forthcoming, the competition between the suppliers of labour ceases to operate.

Frequency of Economic Sanctions

With the foregoing introductory observations regarding the economic sanctions in vogue in India, viz., strikes and lock-outs, we shall pass on to a statistical review of their incidence. Although the distinction between the strike and the lockout is real, the available official statistics draw little distinction between the two and combine them to give figures for what are described as "work stoppages due to industrial disputes."³⁷ Strikes of a political character, that is, in sympathy with some political movement, and lockouts on account of shortages of materials are kept out of the purview of official statistics. By strict definition such stoppages of work cannot be treated as economic sanctions either.

Studying the longtime or secular trend during the past three decades it has been observed that there has been a marked upward tendency in the frequency of the exercise of economic sanctions. This continuous upward movement is too long and persistent to be considered a passing phenomenon.

³⁷ As an exception, the figures of man-days lost through strikes and lockouts in India in 1949 are shown separately:

Man-days lost through strikes	...	...	3,410,453
Man-days lost through lockouts	...	...	3,170,434

The frequency or sheer number of strikes and lockouts does not tell us the whole story ; the number of workmen affected by the use of economic sanctions requires equally important consideration. The secular trend in the number of workmen affected too is positively upward. A linear or curvilinear equation is not required to prove this, because it is abundantly clear from the actual figures given in Table 8.1.

There is, however, this difference that the frequency is rising faster than the number of workmen affected by economic sanctions. In other words, the average number of workmen affected per economic sanction has progressively become smaller through the decades. It may sound paradox-

TABLE 8·1—ECONOMIC SANCTIONS: FREQUENCY AND WORKMEN AFFECTED, INDIA, 1921 TO 1952*

Year	Workmen		Year	Workmen	
	Frequency	Affected (thousands)		Frequency	Affected (thousands)
1921	396	600	1937	369	648
1922	278	435	1938	399	401
1923	213	301	1939	406	409
1924	133	312	1940	322	453
1925	134	270	1941	359	291
1926	128	187	1942	694	773
1927	129	132	1943	716	525
1928	203	507	1944	658	550
1929	141	532	1945	820	748
1930	148	196	1946	1,629	1,962
1931	166	203	1947	1,811	1,841
1932	118	128	1948	1,259	1,059
1933	146	165	1949	920	685
1934	159	221	1950	814	720
1935	145	114	1951	1,291	775
1936	157	169	1952	963	809

* Inclusive of Pakistan upto 1946.

Source : *Indian Labour Gazette*.

ical that this does not mean improvement. The fact of the matter is that economic sanctions are being exercised in cases of industrial differences in relatively smaller undertakings too. The fast growth of trade unionism and union-mindedness explains why firms of smaller size are also affected by strikes. In recent times, it is reported that farm labourers and even domestic servants resorted to strikes.

We do not have statistics to show how many establishments were affected by the exercise of economic sanctions. It may be surmised that there might have been on an average a reduction in the number of establishments affected per economic sanction. Yet the overall number of establishments affected per annum must have been increasing over the entire period under survey.

Duration and Severity

While the frequency of economic sanctions and the number of workmen affected show an upward secular trend, the duration of economic sanctions shows quite a different tendency. The mean duration of economic sanctions over the past three decades shows a moderately steep decline. The 1920's were marked by very long and bitter struggles, but through the 1930's and 1940's, the mean duration declined to a large extent. For instance, on an average, an economic sanction in 1928 lasted for more than sixty-two working days. During that year, sky-rocketing as it were, the mean duration reached an all-time high. Being singularly noteworthy for this matter, that year goes down in the history of labour relations in this country as the very worst. From the peak figures in 1928, the mean duration had declined to four days in 1952.

Analysing the annual variations, it is observed that the mean duration fluctuated very violently during the 1920's, less violently during the 1930's, and still less violently dur-

ing the 1940's. The narrowing amplitude in annual variations and the decline in the mean duration over the long run

TABLE 8·2—MEAN DURATION OF ECONOMIC SANCTIONS, INDIA,
1921 TO 1952*

Year	Duration (days)	Year	Duration (days)	Year	Duration (days)
1921	11·6	1932	15·9	1943	4·5
1922	9·1	1933	13·1	1944	6·3
1923	16·8	1934	21·6	1945	5·4
1924	27·9	1935	8·5	1946	6·5
1925	46·4	1936	13·9	1947	9·0
1926	5·9	1937	13·9	1948	7·4
1927	15·3	1938	22·9	1949	9·6
1928	62·4	1939	12·2	1950	17·8
1929	17·7	1940	16·7	1951	4·6
1930	11·5	1941	11·4	1952	4·1
1931	11·9	1942	7·5	...	...

* Inclusive of Pakistan upto 1946.

Source : Computed from *Indian Labour Gazette*.

apparently indicate certain steady influences in labour-management relations. The factors chiefly influencing comparative steadiness are the accelerated growth of trade unionism, the adaptive industrial relations policies of managements, and the increasing degree of State intervention. These contributory factors had a fundamental influence upon the evolutive pattern of industrial relations in India.

TABLE 8·3—ECONOMIC SANCTIONS, MAN-DAYS IDLE, INDIA,
1921 TO 1952*

Year	Man-days Idle (ten thousands)	Year	Man-days Idle (ten thousands)	Year	Man-days Idle (ten thousands)
1921	698	1932	192	1943	234
1922	397	1933	217	1944	345
1923	505	1934	478	1945	405
1924	873	1935	97	1946	1,272
1925	1,258	1936	236	1947	1,656
1926	110	1937	898	1948	784
1927	202	1938	920	1949	660
1928	3,165	1939	499	1950	1,280
1929	1,217	1940	758	1951	356
1930	226	1941	333	1952	334
1931	241	1942	578	...	...

* Inclusive of Pakistan upto 1946.

Source : *Indian Labour Gazette*.

The movement of time loss, as shown in Table 8.3, exhibits the same kind of behaviour as that of mean duration of economic sanctions. However, the secular trend in time loss shows only a very slow and gradual decline. The increasing use and decreasing duration of economic sanctions have brought about such a trend in time loss.

A more precise measure of the incidence of economic sanctions is the rate of man-days lost per worker or the *severity rate*, because this rate helps us to find out the ratio of the time lost to time worked.

TABLE 8·4—ECONOMIC SANCTIONS : MEAN SEVERITY RATES PER ANNUM PER 1,000 EMPLOYEES IN MINING, MANUFACTURING, CONSTRUCTION AND TRANSPORTATION INDUSTRIES, INDIA, 1921 TO 1952*

Year	Man-days Idle per 1,000 Employees	Year	Man-days Idle per 1,000 Employees
1921	593	1937	703
1922	337	1938	713
1923	429	1939	383
1924	662	1940	576
1925	1,069	1941	251
1926	93	1942	432
1927	175	1943	173
1928	2,708	1944	253
1929	1,030	1945	296
1930	190	1946	920
1931	200	1947	1,188
1932	158	1948	572
1933	176	1949	482
1934	385	1950	922
1935	78	1951	253
1936	183	1952	237

* Inclusive of Pakistan upto 1946.

Sources : 1927–1947 : *International Labour Review*, November 1949 ; 1921–1926 and 1948–1952 : Computed from *Indian Labour Gazette*.

Within the span of 32 years (1921 to 1952) the average Indian industrial worker lost in all 16.81 working days as a result of economic sanctions, a loss of just over half a day per annum. In other words, the ratio of time lost to time worked was roughly 1 : 550. This leads us to think that economic sanctions are not so sinister as they are often supposed to be. “The time loss from industrial disputes,” says R. M. Woodbury, “receives an attention in the public press quite out of proportion to its real significance in terms

of the total time worked and of the time loss from unemployment.”³⁸

During the past three decades, the pattern of economic sanctions has been changing ; the intensive type has been gradually giving place to the extensive. This changing pattern is of fundamental economic and social import. The 1920's generally, and the years 1925, 1928, and 1929 particularly, were marked by long and bitter strife in the industrial arena. The labour unions grew in number and membership ; and there was greater realization among the work people that the strike was the most effective means of bargaining. All the same, the workers were fully aware of the miseries that came in the wake of economic warfare. For the most part, the strikers were not paid for the days they were out on strike. During the period of protracted strikes or lockouts, the opportunities for alternative employment were few. The practice of paying strike benefits was discontinued mainly owing to the paucity of funds. Furthermore, as more and more workers were attracted to the urban industrial areas, as the industrial labour force expanded, and as the supply of labour tended to exceed the demand, the bargaining power of the workers became weaker. These factors made for shorter duration of strikes.

Yet, the growth of labour organization and class-consciousness among the workers gave increasing popularity to economic sanctions. Moreover, as stated by the Labour Investigation Committee, “ In recent years there has been a greater concentration of the working class population in industrial areas, and this has led to rise of an industrial proletariat, which is prepared to fight for its legitimate rights.” These factors explain why economic sanctions were more extensively applied.

³⁸ *International Labour Review*, November, 1949.

TABLE 8·5—INCIDENCE OF ECONOMIC SANCTIONS, A SUMMARY,
INDIA, 1921 TO 1952*
(*Annual Averages*)

Period	Fre- quency	Workmen Affected (thousands)	Dura- tion (days)	Man-days Idle (ten thousand days)	Man-days Idle per Thousand Employees
1921–1926	214	351	19·6	640	531
1927–1929	158	390	31·8	1,528	1,304
1930–1934	147	183	14·8	271	222
1935–1939	295	348	14·3	530	412
1940–1944	550	518	9·3	450	337
1945–1947	1,420	1,517	7·0	1,111	801
1948–1952	1,049	810	8·7	683	493
1921–1952	507	535	14·7	670	526

* Inclusive of Pakistan upto 1946.

Source : Tables 8.1, 8.2, 8.3, and 8.4 above.

Major Issues

The reasons for strikes and lockouts are manifold. A single strike itself can and does have more causes than one. Actually, it is a fashion now for the union leaders to put forward several demands at the same time. The multi-point demand is rarely conceded fully. However, among the numerous demands, some are more important than others. Government agencies published from time to time statistics of the major causes of economic sanctions which are summarized in the table below.

TABLE 8·6—PERCENTAGE DISTRIBUTION OF ECONOMIC SANCTIONS
BY MAJOR CAUSES, INDIA, 1921 TO 1952*

Period	Cause						Total
	Wages	Bonus	Personnel	and	Leave	Other	
			Hours				
1921-1924	43	13	20	4	20	20	100
1925-1929	48	2	27	3	20	20	100
1930-1934	56	2	20	5	17	17	100
1935-1939	58	1	19	4	18	18	100
1940-1944	55	7	11	3	24	24	100
1945-1949	34	8	22	8	28	28	100
1950-1952	29	9	29	8	25	25	100
1921-1952	47	6	21	5	21	21	100

* Inclusive of Pakistan up to 1946.

Source : Computed from *Indian Labour Gazette*.

Often one wonders whether plain frequency statistics of strikes and lockouts will be an adequate yardstick to measure the importance of causes. A better yardstick will be a percentage distribution as given in the above table which will make us understand better the relative importance of each major cause. Thus, for example, we find that in the thirties and during the Second World War the percentages of strikes and lockouts arising from wage disputes were higher than in the twenties and the post-war period. This importance of wage issues will not be clear when just the actual number of strikes and lockouts is presented, because the number of disputes varies from year to year and from decade to decade. Hence the need for converting actual numbers into percentages.

One difficulty having thus been circumvented by using percentages, we encounter another. We have seen the divergent movements in frequency and severity of industrial disputes

over a period of time. We have also found that severity, or severity rate, is a positively better ruler of measurement than frequency. Then, will an analysis of causes by severity be drastically different from that by frequency ? Although no final answer can be given to this question, it will be interesting to compare the two distributions in the table below :

TABLE 8·7—CAUSES OF ECONOMIC SANCTIONS, BOMBAY STATE,
1946 TO 1948

Year	Cause					Total
	Pay and Bonus Allowances	Leave and Hours	Per- sonnel	Miscel- laneous		
<i>Percentage by Frequency (Number of Disputes)</i>						
1946	41·0	6·8	12·5	19·9	19·9	100·0
1947	36·2	14·5	7·1	24·5	17·9	100·0
1948	41·8	11·2	8·6	27·4	11·0	100·0
Average						
1946-1948	39·7	10·8	9·4	23·9	16·2	100·0
<i>Percentage by Severity (Man-days Lost)</i>						
1946	31·8	4·0	9·4	25·5	29·2	100·0
1947	64·5	2·5	7·8	14·8	10·4	100·0
1948	43·3	10·2	14·7	18·2	13·6	100·0
Average						
1946-1948	46·5	5·6	10·6	19·5	17·8	100·0

Source : Government of Bombay, *Report of the Labour Department for the Years 1946, 1947 and 1948.*

There is no appreciable difference between the two distributions in Table 8.7, except with regard to pay and allowances and bonus. But if we combine these two—we can do so justifiably, for both refer to remuneration—we get the averages 50.5 and 52.1 per cent and the difference is reduced to a negligible degree. These minor differences can be

ignored when rating the relative importance of causes. The finding that the distribution of severity is proportionate to the distribution of frequency, however, cannot be generalized, because no scientific explanation can be put forward in favour of it.

However, it can be stated that over 50 per cent of industrial disputes (in terms of both frequency and severity) find their causes in wage issues. From 15 to 25 per cent of the non-wage causes are what are termed as "miscellaneous" in which union recognition is included. Nearly 20 per cent of disputes are caused by personal grievances, here called "personnel," which include grievances against discharge, retrenchment, transfer, maltreatment, or victimization of personnel. Questions regarding leave and hours of work have resulted in 5 to 10 per cent of industrial disputes. The disputes over leave and hours of work are less important in India than in many other countries. Standard working hours and the length of leave with pay are statutorily fixed. Moreover, wages are normally daily rated ; or if they are monthly rated, the rate will be for a month of, say, 26 working days. Wages are rarely hourly-rated. Therefore, the reduction in hours of work does not usually entail any reduction in earnings in our country, unlike, say, in the United States. Therefore, attention is largely focussed on wage issues directly. If wage issues are settled amicably, many of our labour disputes will vanish. Likewise, if personal grievances, leave, etc. are tackled with tact and understanding, we will have better peace in industry.

One significant fact which is basic to our knowledge of labour problems is that downright suppression of strikes can offer no ultimate solution to the seething discontent. On the other hand, such a policy will leave the workers more

bitter at heart, rendering them ever more liable to fall a prey to revolutionary propaganda.

To the extent that an analysis of causes will help us in devising ways and means to prevent strikes and lockouts, a study of the results will help us to evaluate the success of strikes and lockouts. Such a study over a period of time may also help us to forecast the probability of success in the coming years.

The trend of "unfavourable" industrial disputes is positively downward. From 67 per cent in the 1920's it has come down to 43 per cent during 1950-52. Any strike which is not entirely a failure must have a degree of success, complete or partial. The presence of strikes with "indefinite" result poses an enigma. Such disputes are recorded only from 1942 onwards and ever since then they have been increasing relatively and absolutely with surprising rapidity. The vague expression "indefinite" may mean an unknown or neutral result. It is, however, hard to imagine a strike or lockout with a neutral result.

By the very nature of the multipoint demands of the striking employees, relatively fewer strikes can have entirely favourable results. On many occasions, their major demand may not be met, but certain other demands may be conceded. If we add up both partial and complete successes, we find that 38 per cent of strikes had a degree of success during the 32-year period. During the twenties and thirties, comparatively speaking successful strikes were on the increase and unsuccessful strikes were on the decrease. But during 1945-1949, we find 44 per cent failures, 34 per cent successes and 22 per cent with unknown results. The lowered percentage success in the post-war period is difficult to explain. However, certain restrictive features of the Preventive Deten-

TABLE 8·8—PERCENTAGE FREQUENCY OF ECONOMIC SANCTIONS
BY RESULTS, INDIA, 1921 TO 1952*

Period	Result					Total
	Entirely Favourable to Employees	Partially Favourable to Employees	Unfavourable to Employees	Indefinite		
1921–1924	18	15	67	0	100	
1925–1929	14	19	67	0	100	
1930–1934	17	19	64	0	100	
1935–1939	16	32	52	0	100	
1940–1944	20	28	48	4	100	
1945–1949	18	16	44	22	100	
1950–1952	18	12	43	27	100	
1921–1952	17	21	56	6	100	

* Inclusive of Pakistan upto 1946.

Source : Computed from the *Indian Labour Gazette*.

tion Act have been a hindrance to the successful management of industrial strikes. Again, the legality question originally introduced by Rule 81A under the Defence of India Act continued to feature labour disputes in post-war and independent India. The economic sanctions which were considered "illegal" lost the protection of labour law.

Effect of Worker-Concentration

A spirit of resistance to authority grew up among workers working in large groups. This was partly because of the broad social and political movements and partly because of the depersonalization of worker-management relations. The summary of an analysis of severity rates of economic sanctions in Bombay reveals the influence of worker-concentration.

TABLE 8·9—DISTRIBUTION OF FACTORIES ACCORDING TO SIZE OF WORKFORCE AND ECONOMIC SANCTION SEVERITY RATES,
BOMBAY, 1947

Severity rate of Economic Sanctions (days lost per worker em- ployed)	Size of Workforce						
	20 and Under 50	50 and Under 100	100 and Under 250	250 and Under 500	500 and Under 1,000	1,000 and Under 3,000	Above 3,000
<i>Number of Factories</i>							
0	391	161	126	39	10	9	0
Under 3	12	11	17	13	5	7	1
3 and under 6	6	6	7	4	0	8	2
6 and under 12	7	6	10	5	3	15	19
12 and under 25	6	8	3	6	5	8	8
25 and over	6	5	5	4	1	4	3
Total	428	197	168	71	24	51	33
<i>Percentage</i>							
0	92	82	75	55	42	17	0
Under 3	3	6	10	18	21	14	3
3 and under 6	1	3	4	6	0	16	6
6 and under 12	2	3	6	7	12	29	58
12 and under 25	1	4	2	8	21	16	24
25 and over	1	2	3	6	4	8	9
Total	100	100	100	100	100	100	100
<i>Percentage (Summary)</i>							
No loss	92	82	75	55	42	17	0
Some loss	8	18	25	45	68	83	100

Sources: Chief Inspectorate of Factories, Bombay; and Directorate of Labour Information, Bombay.

The effect of worker-concentration as portrayed in Table 8.9 leads us to the following generalization. The larger the size of an undertaking in terms of workforce, the greater the chances of higher severity rates of industrial disputes. We find that over 90 per cent of the establishments with a strength of less than 50 workers did not experience any strike or lockout. Conversely, over 90 per cent of the estab-

lishments with a strength of over 3,000 workers experienced a loss of more than 6 working days per employee on account of strike or lockout. "No loss" percentages decline and severity rates of disputes rise as the size of the establishment increases in terms of workforce.³⁹ We have good reasons

³⁹ The following statistical tests were applied to the data leading to this conclusion:

(a) A two-by-two table was constructed to show the groupings of factories with respect to the smallness (less than 1,000) and largeness (1,000 and above) of workforce against loss or no loss of days per employee through economic sanctions. The chi-square for this table is found to be 211 which is highly significant for 1 degree of freedom. In other words, the probability of a hypothesis of non-dependence of size of factory and time loss through economic sanctions being true is infinitesimally small.

(b) The coefficient of correlation for the frequency distribution in Table 8.9 was found to be $r=0.317381$. Applying t test for the significance of this value of r , it is found that:

$t=10.99$, which is highly significant for 970 degrees of freedom. This shows that the dependence of time loss through economic sanctions on size of factory persists even when these attributes are graded.

(c) The following equation of regression of time loss through economic sanctions on size of factory was calculated from Table 8.9:

$$X - 3.13426 = 0.004104 (Y - 364.45).$$

The regression coefficient b ($=0.004104$) was tested for significance by t test. The value of t is 13.12 for 970 degrees of freedom. This shows that the linear variation of time loss with respect to size of factory is highly significant.

(d) The test for linearity of regression of time loss through economic sanctions on size of factory gave:

$$F=4.5 \text{ for } n_1=4 \text{ and } n_2=976.$$

This value of F is significant, indicating a residual variation of time loss with size of factory. On the whole, it appears that the two attributes are strongly related though this relation is not linear. (This analysis was made by M. N. Vartak under the guidance of M. C. Chakrabarti, Head of the Department of Statistics, University of Bombay).

to conclude that at any given point of time the variations in severity rates of industrial disputes should conform to this statement. In other places in India and abroad and at other times the relative differences may be larger or smaller, but nevertheless *a priori* considerations indicate that the possibilities of severe industrial disputes are greater where concentration of workers is higher.

One reason supporting the above statement is that the owners of large business enterprises are far removed from the workers employed by them, while in the small firm the bosses are in constant touch with all the employees. The small business boss is positively at an advantage to know his employees intimately for the simple reason that they are very few in number. On the other hand, the giant business corporations, by their sheer immensity of size, make it nearly impossible for the bosses to establish personal acquaintance with all their workers. The workers are reduced to the position of clock-numbers and the boss shows no personal interest in them. The economic and social distance between business bosses and workers is so great that one group does not comprehend clearly the situation of the other. This lack of contact and understanding between workers and bosses in big business stands in sharp contrast to the mutual sympathy and understanding characterizing the relationship between the small businessman and his employees.

Secondly, big business has more staying power than small business. And workers employed by big firms are better organized than others ; moreover, they usually have the conviction that big business can afford to give them better conditions of service. In other words, Big Business and Big Labour feel themselves powerful enough to meet each other in open combat.

Thirdly, the prediction of attitudes and reactions made by either party may be wrong. Attitude prediction in the relations between Big Business and Big Labour is more hazardous than in the relations between the small businessman and his employees. This is a corollary of the fact that there is a greater degree of understanding between workers and managers in small undertakings than in big business. Poor understanding leads to faulty prediction just as close understanding helps in correctly assessing the opposite party's strength. When either party fails to predict accurately the attitudes and reactions of the other, the chances for strikes are greater. Strikes and lockouts are not only the result of frank differences of opinion, but also of a lack of understanding of the economic power and resourcefulness of each other which leads to a failure of negotiation. Chances for an amicable settlement of complaints and grievances are far greater in a smaller undertaking than in a bigger one. This is so because the small employer is able to investigate and settle the dispute himself ; he acts on his own quickly and effectively, not letting adrift the issue to develop into a major debacle.

Influence of Economic Climate

Economic sanctions are influenced also by the prevailing economic climate. Prices, business activity, employment, and unionization are factors that affect the use of economic sanctions. We observe a high degree of correlation between the price indices and the severity rate of economic sanctions during the pre-war period. During prosperity and early recession, the severity rates of economic sanctions were very high and, in sharp contrast, they were very low during depression. However, this tendency was not found during the period that followed the outbreak of the Second World War.

TABLE 8·10—WHOLESALE PRICE INDICES AND ECONOMIC SANCTION SEVERITY RATES, UNDIVIDED INDIA, 1927 TO 1939

Period	Average Wholesale Price Index (Base : 1940 = 100)	Average Economic Sanction Severity Rate per 1,000 Employees per Annum
1927—1930	116	1,026
1931—1934	73	230
1935—1939	78	412

Sources: *Statistical Abstract for British India, 1930-31 to 1939-40*; Table 8.4 supra.

As in most other countries, the war effort dominated the union-management relations in India during the Second World War. At the beginning of the war, Mahatma Gandhi and other national leaders asked the workers and employers to support the war against the Fascist Axis. A little later the Communists, too, gave their hearty support to it because by then Soviet Russia was also involved in it. Therefore, during wartime the severity of industrial disputes declined. It is true that the "August Revolution" led by the Indian National Congress occasioned a spurt of strikes in 1942. To meet the emergency, the British Indian Government promulgated Rule 81A under the Defence of India Act by which adjudication of industrial disputes in important industries was made compulsory. With the national leaders behind the bars and the Defence of India Rule 81A in force, industrial peace was maintained till the end of the war. Yet, it was not entirely a forced industrial peace. The trade unions which were then largely controlled by the Communists gave solid support to the war effort. To that degree, war psychology played its part in maintaining industrial peace. This war psychology was found in almost all countries of the world.

During the war great restraint was exercised by organized labour to avert strikes and the tendency was usually to postpone them. By the close of the war, therefore, there was a sudden release from this wartime restraint. 1946 and 1947 particularly were marked by severe industrial conflicts. It is significant to note that the Governmental restriction of strikes continued even in the post-war years. The Industrial Disputes Act, 1947, contained the restrictive provisions of the Defence of India Rule 81A. The post-war strike wave reached its peak in April 1947, and since then strikes were showing a downward trend. 1948 and 1949 were relatively peaceful despite the continual rise in prices. 1950, however, was marked by higher severity rates. But 1951 and 1952 were more peaceful than any other post-war year. 1952 particularly recorded the lowest severity rates since the most peaceful war year 1943 ; it recorded the shortest duration of strikes and lockouts in the entire 32-year period for which statistics were available.

There were several factors influencing the severity rates during recent years. First, the popularity of the Congress-dominated Indian National Trade Union Congress and the consequent weakening of the Communist-dominated All-India Trade Union Congress contributed to the relative industrial peace. The Communists, probably, would favour more of mass labour strikes ; but they were helpless, for their revolutionary activities suffered greatly under the impact of the compulsory adjudication system and they lost a considerable part of their following. As regards the Socialists, they were comparatively more peaceful. Thus the changes that took place in the trade union field had a direct bearing on the severity of industrial disputes.

Secondly, the trends in employment were unfavourable to intense and widespread strikes. The increasing anxiety for

continued employment that agitated the minds of the working population did have its effects on strikes. This must have had a weakening influence upon the bargaining power of labour.

Thirdly, the compulsory arbitration machinery expanded considerably during the past few years. The workers and union officials appeared to be more and more reconciled to the arbitration system. It seemed as though the militant labour was turning litigant. The Socialist-sponsored textile strike in Bombay in 1950 was indeed a significant exception. Even here, while the ostensible reason for the strike was indignation against the award, the real reason was the removal of recognition of the Socialist Mill Mazdoor Sabha as a bargaining agent. The Governmental recognition of the Congress-dominated Mill Mazdoor Sangh as the sole bargaining agent, in accordance with a recent innovation in the State industrial relations law, was practically the most important cause of this mass strike. And to this extent, the strike was tantamount to a threat against the authority of the State, and was an indication that the Socialists were capable of resorting to Communistic tactics.

It is believed that the Industrial Truce of December 1947 had been responsible for the relative peace since then. Although the Truce has had its restraining influence, it was signed in a period of already declining economic sanction severity. It appears that there would have been no appreciable change in the course of strikes and lockouts even if the Truce had not been signed.

The fundamental factor governing the incidence of economic sanctions is the degree of employee discontent. A happy and contented workforce will never go on strike, nor will there be any occasion to lock them out. But, unfortunately, it is difficult to obtain a condition where all the

employees of an undertaking are happy and contented at the same time, not to speak of a continuum of contentedness. Yet, relatively speaking, the greater the employee discontent, other things being equal, the greater will be the severity rate of strikes and lockouts, and *vice versa*. Therefore, the problem of strikes and lockouts has to be attacked at its roots, taking into consideration the totality of relations between employers and workers.

Union-Management Relations

IN the changing economic scene is visible a dominant trend towards increasingly collectivized employment relationships. The growth of labour organization and the recognition of labour's right to organize have signally influenced this trend towards collectivism in the industrial realm.

Labour Union Movement

The close of the First World War saw the beginning of the labour union movement in India. It was in 1918 that the Madras Textile Labour Union came into existence. The emergence of this union as the harbinger of vast changes in industrial relations had an almost immediate reaction on the working population of Madras. The workers of the Buckingham and Carnatic Mills rallied under one banner and collectively set about fighting the management for their rights and interests. This triumphant beginning of the trade union movement had its echo in other cities of India. In Bombay, two unions were started in the same year, notably the Clerks' Union. By 1919 the number of unions grew to seven in Bombay, six in Madras and two in Calcutta. The celerity of the labour movement in this initial stage of its development was indicated by the formation of the All-India Trade Union Congress in 1920. When the A.I.T.U.C. held its first plenary

session in that year, the number of labour unions was well over a hundred and their total membership was in the neighbourhood of 500,000.⁴⁰ In 1924, there were 167 unions with a total membership of 223,337 which included textile, engineering, transport, "white-collar," and other workers.⁴¹

TABLE 9·1—NUMBER AND MEMBERSHIP OF TRADE UNIONS,
BOMBAY STATE, 1927 TO 1951*
(*Quarterly Averages*)

Year	Number of Unions	Union Membership
1927	63	77,262
1929	91	191,937
1931	92	113,552
1933	91	109,307
1935	103	103,429
1937	105	93,453
1939	170	159,026
1941	174	184,517
1943	214	221,029
1945	294	321,582
1947	494	446,803
1949	778	656,241
1950	1,011	789,570
1951	1,147	804,375

* Inclusive of unregistered trade unions; inclusive of Sind up to 1937.

Sources : Bombay *Labour Gazette*; and S. D. Punekar : *Trade Unionism in India*, p. 7.

The decline of trade unionism closely following its start was due to a vague belief pervading a section of labour that trade

⁴⁰ S. D. Punekar: *Trade Unionism In India*, p. 78.

⁴¹ All-India Trade Union Congress, *The Directory of Trade Unions*, 1925.

unionism did not have all the economic advantages which it was thought to possess. There must have been a good deal of frustration among the workers who did not gain by the use of strikes and other economic sanctions. As shown in the preceding chapter, a good proportion of strikes in the 1920's were miserable failures. It took time for the development of a general awareness among the industrial workers of the virtues of keeping themselves organized. Strike or no strike, labour organization became increasingly accepted by the workers as having a certain degree of power inherent in it.

By the close of the 1920's the growing class-consciousness of the workers, helped by a transient popularity of dialectical materialism and by an unprecedented business prosperity, found expression in a fresh wave of enthusiasm in the labour union movement. The years 1928 and 1929 saw a remarkable growth in the labour union membership in India, and particularly in the Bombay State. The new wave of unionization towards the close of the 1920's failed to gather further momentum in the decade that followed. In fact, union membership declined during the 1930's.

Second World War and After

The labour union movement had revived again during the Second World War when union membership had expanded considerably. The rise in the number of unionized workers

TABLE 9·2—DEGREE OF UNIONIZATION IN CERTAIN MANUFACTURING INDUSTRIES, INDIA, 1947-48 AND 1948-49

Industry	1947-48	1948-49
Textile ...	42·3%	43·2%
Printing press ...	45·0%	51·3%
Engineering ...	49·8%	33·7%

Sources : Computed from *Indian Labour Year Book, 1948-49* and *Indian Labour Year Book, 1949-50.*

continued in the post-war years. Consequently, over 50 per cent of the manufacturing employees in Bombay State are members of one union or another.

The degree of unionization as shown in Table 9.2 is indeed quite impressive. But it refers only to the more organized manufacturing industries. The average for all the manufacturing industries put together is considerably lower, as shown in Table 9.3. The coal mining industry stands in contrast to

TABLE 9·3—DEGREE OF UNIONIZATION IN MANUFACTURING AND COAL MINING, INDIA, 1949–50

Industry	Degree of Unionization		
Manufacturing	30·9%		
Coal mining	7·3%		

Source: Computed from *Indian Labour Gazette*.

TABLE 9·4—REGISTERED TRADE UNIONS, MEMBERSHIP AND FINANCES, INDIA, 1927 TO 1950*
(Annual Averages)

Year	Number of Registered Unions Submitting Returns	Total Member- ship	Percentage of Members	Total Income	Income per Member	
					Income (rupees)	Rs. a. p.
1927–28	28	100,619	1·2	163,581	1 10 1	
1932–33	147	237,369	2·1	556,953	2 5 7	
1937–38	343	390,112	3·8	693,644	1 12 5	
1942–43	489	685,299	3·8	1,596,984	2 5 3	
1947–48	1,628	1,662,929	6·2	5,689,361	3 6 9	
1949–50	2,120	1,956,759	6·6	7,284,255	3 11 7	

* Inclusive of Pakistan up to 1946; exclusive of Part B States except for 1949–50.

Sources : *Indian Labour Gazette*; *Indian Labour Year Book, 1948–49*, pp. 128 and 134; and S. D. Punekar : *Trade Unionism in India*, p. 379.

the manufacturing industries. The degree of unionization in coal mining is so low that unions constitute hardly any force to be reckoned with. The official statistics being what they are, it is impossible to estimate the degree of unionization in such industries as construction and plantations. It is reasonable to assume that in these industries too labour organization has made some headway.

The growth of trade unionism in membership and financial resources is clear as one peruses Table 9.4. As trade unions include employer associations too, it is imperative to distinguish statistically the membership and finances of employer associations.

TABLE 9·5—REGISTERED LABOUR UNIONS AND EMPLOYER ASSOCIATIONS, INDIA, 1947-48

Type of Union	Number of Unions Submitting Returns	Total Membership	Total Income (rupees)	Income per Member	Rs. a. p.
Labour unions	1,580	1,651,807	3,688,987	2 3 9	
Employer associations	48	11,122	2,000,374	180 3 6	

Source: Indian Labour Year Book, 1947-48, pp. 129 and 135.

It is interesting to compare Table 9.4 with Table 9.5. The figures of the membership of employer associations are very much obscured in Table 9.4. Because their membership is less than 1 per cent of the membership of labour unions, the combined figures in that table does not alter the position materially. But as far as income is concerned, any reliance on the figures in that table will be immensely misleading. On examination, one finds that 35 per cent of the income of "trade unions" is actually the income of the employer asso-

ciations in India during 1947-48. The gravity of this finding cannot be over-emphasized. Table 9.5 speaks itself sufficiently eloquently that the statistical combining of labour unions and employer associations as in Table 9.4 is most misleading and meaningless. The complete separation of the statistics of employer associations from those of labour unions is positively needed in official statistics.

Apart from this obscuration in official statistics, the official figures of labour union membership themselves are not wholly reliable. For no fault of Government, perhaps, the labour unions indulge in overstatement in the returns they send to the governmental agencies. Furthermore, the unions which are not *registered* under the Indian Trade Unions Act do not find their place in the detailed official statistics such as in Tables 9.4 and 9.5.

It may be mentioned also that not only are manual workers organized, but clerical and supervisory personnel too are organized into unions. The middle and lower class employees together are forging labour unionism into a strong movement which the employers and governments can ill afford to ignore.

Inter-Union Rivalry

The expansion in the union membership permeating all classes of employees, perhaps excepting executives, does not tell us the whole story. The growth of labour unionism suffered from certain grave and unfortunate defects. The expanded union membership was shared between contending groups of labour unions with conflicting practices, policies, and ideologies. The dissension created by ideological differences in labour organizations in India was first evinced in the formation of the Indian Trade Union Federation.⁴² The top-level union leaders were too busy with internecine disputes and,

⁴² For a detailed account of the split in the labour movement, see S. D. Punekar, *Trade Unionism in India*, Chapter 14.

consequently, the labour union movement suffered a real setback.

In 1938, the new All-India Trade Union Congress which met at Nagpur was hailed by the vast majority of labour unions as the one central organization, thanks to the heroic efforts made by V. V. Giri. The few unions which were outside the control of the A.I.T.U.C. were not at all a hindrance to the integrated labour union movement. The unity in the labour field at the close of the 1930's was considered a great landmark in the progress of the movement. But this unity was destined to be broken within three years of its achievement.

The Indian Federation of Labour was started in 1941 to support the war effort. The formation of this federation marked a fresh rift in the labour union movement. During the period of the Second World War, the Indian Federation of Labour had quite a good following. In fact its membership exceeded that of the All-India Trade Union Congress. But within two years of the end of the war the I.F.L. ceased to be a power.

The downfall of the Indian Federation of Labour did not help the labour union movement to be reunited under one banner. Even before the final dissolution of the I.F.L., the more conservative elements in the labour union movement holding belief in the Gandhian political and economic philosophy rallied together under a new organization called the Indian National Trade Union Congress. It was in the summer of 1947, just three months before Independence, that this I.N.T.U.C. was formed with the solemn blessings of Mahatma Gandhi. The main reason for the formation of the I.N.T.U.C. was that the reformist union leaders wanted to liberate organized labour from the grip of Communist influence and control. However, with the establishment of the I.N.T.U.C.,

all hopes of consolidating the labour unions under a single organization have been shattered.

While the conservative labour unions organized themselves into a separate organization, the Socialist labour unions did not lose much time in forming themselves into still another organization named Hind Mazdoor Panchayat. In 1948, the Indian Federation of Labour was amalgamated with the Hind Mazdoor Panchayat, the new merger being the Hind Mazdoor Sabha.

The separatist tendencies in the labour union movement did not end with the establishment of three rival organizations. A fourth organization called the United Trade Union Congress was started in 1949, providing a climax of disunity in the Indian labour union movement.

TABLE 9·6—MEMBERSHIP OF CENTRAL LABOUR ORGANIZATIONS,
INDIA, 1949, 1950, AND 1951

Name of Organization	Number of Unions Affiliated			Membership Claimed		
	1949	1950	1951	1949	1950	1951
Indian National Trade Union Congress	847	1,043	1,232	1,023,117	1,431,878	1,584,568
All-India Trade Union Con- gress	754	722	736	741,035	730,636	758,314
Hind Mazdoor Sabha	419	460	517	679,287	698,720	804,337
United Trade Union Con- gress	254	336	332	331,991	366,401	384,962
Total	2,274	2,531	2,817	2,775,430	2,827,635	3,496,181

Source : Indian Labour Year Book.

The labour union movement is thus a house divided against itself. This disunity is a negation of the guiding maxim of unionism, viz., "In union lies strength." Indeed, the union leaders ignore the well-known aphorism, "United we stand, divided we fall." The expansion in union membership, consequent upon the inter-union competition, is no convincing proof that the labour union movement can thrive in the face of veritable ⁸⁰ ~~internecine~~ ⁸³ ~~feuds~~, for a good deal of the energies of labour unions are dissipated in fighting each other.

O.P.A.P.

The rivalry between the labour unions permeates the entire pyramid of labour organization. The labour unions fight each other at all levels of labour organization. The fight between the competing T.U.C.'s is carried from the national industrial unions down to the local labour unions. This disunity spells tremendous weakness for organized labour.

The labour union rivalry, moreover, makes employment relationships very much unstable. In their attempt to make themselves more popular among the workers, labour unions compete in putting forward fanciful demands to the management without carefully studying the facts of any given situation. The management, then, is confronted with a frighteningly big array of demands which could not possibly be conceded. Multi-union bargaining is difficult in the face of a deep antagonism among the competing labour unions. As the management will have to satisfy the demands of several unions, certain agreements concluded with any one union may mean actual disagreements with the other unions. And serious disagreement with any one union can precipitate strikes wherever large numbers of workers are employed. Therefore, rivalry among the trade unions brings about unhappy repercussions on the employer too.

To sum up, labour union rivalry is of benefit to none in the long run. Such rivalry is harmful to the economic system as a whole. A certain degree of monopoly in the labour union organization is beneficial to society. The only fear is that such a monopoly may give rise to a powerful labour bureaucracy. A Conservative Government in power may, perhaps, stand to benefit by some chronic disunity among the labouring classes. Partisan political considerations apart, the kind of labour union rivalry we find in India is an important factor that works against stability in industrial relations.

Employer Associations

Employer combinations have been very strong in this country in certain industries. The Bombay Millowners' Association and the Indian Jute Mills' Association particularly have been very powerful associations of employers. These and many other associations of industrial enterprises have been in existence for several decades before labour organization took root in India. But it is only since the time they felt the pressure of organized labour that they used their combined strength to combat labour unions.

The employers do not always require their collective might to counter the labour unions. Individually, most of the bigger employers have sufficient bargaining power to resist the demands of labour unions. That the employers individually can fight organized labour is an advantage for them. They have yet another advantage over the workers. The kind of internecine rivalry besetting labour organization is of a lesser order in employer organization. The inter-union rivalry and the divergent interests of different types of workers make it frequently difficult for labour to make a single collective representation. An employer of several thousand

workers may have to be fought by more than one union in the event of inter-union rivalry.

In practice, the employers in India have not been very much united. The Indian and European business interests in India showed a tendency to remain separate from the beginning. Consequently, employers' associations have been organized separately. The All-India Organisation of Industrial Employers and the Employers' Federation of India represent the two different interests. However, as far as their relations with organized labour are concerned, there were no occasions to indicate any weakness for the employers arising out of this faction in employer combination.

The employers generally try to pay as little as possible to the workers and organized labour strives to take as much as possible from the employers. This fundamental conflict of interests ought to unite the forces on each side of the battle-field. The employers on their side unite more easily than the workers who are wooed by competing political parties. The partisan union leaders usually subordinate the workers' interests to their respective party interests.

While the workers have to look frequently for leadership from outside their ranks, the employers have no such difficulty. The employers have adequate leadership among themselves, so that they are not easily amenable to partisan propaganda. They try to influence political parties, but do not get influenced in turn. Contrariwise, the workers are influenced by the political parties, but they do not influence the political parties in turn. It is because of this difference that disunity is not as harmful for the employers as it is for the workers.

Degree of Organization

In Table 9.5 above is given a comparison of the memberships of employer associations and labour unions. That comparison

covers only the registered labour unions and employer associations which submit returns to Government. A random survey of the manufacturing undertakings in Bombay has helped to bring out more information on the subject.

TABLE 9.7—TYPE OF COLLECTIVE RELATIONS, 53 MANUFACTURING ESTABLISHMENTS, BOMBAY, 1948

Type of Collective Relations	Number of Undertakings				
	Public Undertakings	Tex-tiles	Engineer-ing	Other	
Employer associations versus labour unions	0	2	4	9	
Employer associations alone	0	3	3	3	
Labour unions alone	2	0	3	6	
No employer associa-tions nor labour unions	0	2	8	8	
Total	2	7	18	26	

Source: Sample survey by the author.

The information given in Table 9.7 covers all the undertakings in the sample which represents manufacturing industries in Bombay. In this table it is interesting to find that certain employers combine even when unionization of workers has made no headway ; from an industrial relations point of view such employer combinations have little significance. The best that such associations do is to provide a forum for the exchange of information on labour problems. Actually, even where the workers are organized, the employer associations generally serve no better purpose.

The Bombay Millowners' Association is the only combination of employers which is found to be an exception to this rule. It is a highly organized collectivity of employers which wields immense power in as much as collective negotiations

and representations on labour matters are concerned. The other employers' associations in Bombay have no power to negotiate for a settlement with the unions ; the individual employers deal with the labour unions directly. However, in both types of case, direct negotiations between the parties hardly ever take place in a system which is dominated by compulsory adjudication. The employers are represented collectively in one type, and individually in the other. The collectivized representation of employer interests today shows a tendency to become more popular, although well-knit employer collectivities are few and far between. The functional role of employer association thus portrayed, let us take a closer view of the degree of organization of both employers and workers.

TABLE 9·8—EMPLOYER AND WORKER ORGANIZATIONS, 53 MANUFACTURING ESTABLISHMENTS, BOMBAY, 1948

Type of Collective Relations	Number of Undertakings	Percentage to Total	Average Number of Employees in an Undertaking
Employer associations and labour unions	15	28	602
Labour unions alone	11	21	422
Employer associations alone	9	17	68
No employer associations nor labour unions	18	34	70

Source : Sample survey by the author.

From Table 9.8 it will be clear that nearly half the number of manufacturing undertakings are unionized. In some, employer organization has made no headway, while in others employers' and workers' organizations existed side by side. Where the employers as well as workers are organized, there

is a higher degree of collective relations than where the organization is unilateral. The undertakings where both employers and workers are organized have larger numbers of employees than the unorganized undertakings. As shown in Table 9.8 the average size of the undertakings bilaterally organized is 602 in terms of the number of workers. Where labour alone is organized, the corresponding figure is 422. The average non-unionized undertaking has a strength of 69 workers, while the unionized undertakings have an average strength of 526 workers.

From these facts, a significant conclusion emerges. The larger the undertaking in terms of workforce, the greater the chances of a higher degree of unionization of workers and the greater will be the tendency to collectivize industrial relations and vice versa. The urge for group action is greater where worker-concentration is greater. The significance of collective action is that it increases the bargaining power of the collectivized party. In the labour market, the suppliers of labour have found it more beneficial to them to bargain and negotiate collectively rather than individually. Thus, because of the increasing realization that collectivized relations will bring economic benefits to the workers, there will be a greater degree of collectivization of industrial relations during the years to come.

Collectivization is no negation of the principles of democracy. Actually, free collective relations permit an approximation to democracy, for industrial democracy is but the government of industry by the two collectivities of employers and workers. But industrial democracy is not possible as long as labour and management indulge in totally irreconcilable conflicts. In any kind of society, be it Capitalist, Socialist, or Communist, it is clear that labour and management ought to live together in peace and harmony.

Tripartite Consultation

Inspired by the success of the International Labour Organisation, the Central Government initiated a scheme of tripartite consultation at the national level. It is true that the Royal Commission on Labour in India had recommended the constitution of an organization where representatives of labour, employers, and governments could meet together in conference. It is also true that during pre-war times, the Central Government held consultations with the representatives of labour and management separately. But it was not until 1942 that the three parties met together in conference and set up a permanent tripartite collaborative machinery comprising the plenary conference, which was named Indian Labour Conference, and the Standing Labour Committee of the conference. The principal function of the Conference and the Standing Labour Committee was to advise Government on labour questions referred to it by Government.

After the Second World War, the tripartite consultative machinery was expanded. Industrial Committees, on the lines of the I.L.O. Industrial Committees, have been constituted for plantations, coal mining, cotton textiles, tanneries and leather factories. The special problems of each industry were discussed by these industrial committees.

The *ad hoc* tripartite Industries Conference of December 1947, passed a resolution on industrial relations which came to be referred to as the Industrial Truce. Following the "Truce," the Central Government passed a resolution on industrial policy on 6 April 1948 in accordance with which two advisory councils were constituted in September 1948, namely the Central Advisory Council for Labour and the Central Advisory Council of Industries. Both the Councils were tripartite in character and composition. In the plenary session of the Central Advisory Council for Labour in July

1949, there was general agreement between labour and capital on the report of the tripartite Committee on Fair Wages, while they grossly disagreed on the report of the tripartite Committee on Profit Sharing. It should however be hoped that Government-Industry-Labour collaboration at the national level would yield better results in the future.

Tripartite consultation at the State level was started in Bombay in 1947 when the Bombay State Labour Advisory Board was constituted. The functions of the Board were to render advice and make recommendations to the Government on matters referred to it by the Government. The Board had no legislative or executive powers. It held two meetings in 1947 when discussions were held and recommendations were made on the three-shift system, illegal strikes, employment exchanges, decasualization of textile labour, setting up of joint committees, and labour's role in stepping up production. The Board appointed two committees to go into special subjects : these were the Employment and Production Committee and the Labour Administration Committee. At its third meeting in March 1948, the Board considered the implementation of the resolution on Industrial Truce, decasualization of textile labour, and the governmental machinery to regulate industrial relations. However, the Board itself felt the need of its being reconstituted "to afford adequate representation to capital and labour in order that the decisions and recommendations of the Board should have the fullest sanction of all interests in industry."⁴³ Consequently, Government of Bombay reconstituted the Board in March 1949. The composition of the Board was as follows : six persons to represent labour, six to represent employers, five to represent consumers, ten members of the

⁴³ Taken from a resolution passed by the State Labour Advisory Board at its third meeting in March 1948. See *Bombay Labour Gazette*, May 1949, p. 980.

Bombay Legislative Assembly to represent labour, industry, and commerce, and six persons including the chairman and the secretary to represent State Government.

The reconstituted State Labour Advisory Board held its first meeting on 7 June 1949. The Board appointed three sub-committees to carry out inquiries into different subjects. The Board met again on 12 July 1949 when it appointed an advisory committee consisting of seven members, one to represent Government and three each to represent labour and employers, to settle details and keep track of the scheme of decasualization of cotton textile labour in Bombay State. This advisory committee has achieved a great measure of success due to the spirit of co-operation shown by the representatives.

The Board at its meeting on 11 May 1950 requested the State Government to ensure regular supply of materials required by the industrial enterprises, and to investigate the closure of mills. The Board further requested the Government to train up displaced workers in alternative occupations where employment opportunities existed. The Board noted with satisfaction the progress of the literacy drive among industrial workers. Alarmed at the poor progress made by joint committees and works committees, the Board requested the employers and workers to make joint consultation useful and successful.

Joint Consultation at the Factory Level

In this country, joint consultation at the factory level is of very recent origin and is essentially a product of State intervention. The Central Industrial Disputes Act, 1947, provides for the formation of works committees in the industrial establishments employing 100 or more workers. The Act empowers the State Governments to direct the employers to constitute works committees in such establishments. A

works committee can have a maximum of 24 members. Labour and management are represented in equal numbers on these works committees. The term of office of the workers' representatives, who must be elected, cannot exceed two years. The works committees should hold meetings at least once a month. These and other procedural matters are laid down by Government.

TABLE 9·9—WORKS COMMITTEES AND JOINT COMMITTEES, BOMBAY STATE, 1949 AND 1950

Year	Number of Works Committees Formed	Number of Joint Committees Formed
1949	187	89
1950	61	121
Total	248	210

Source: Bombay *Labour Gazette*.

The Bombay Industrial Relations Act, 1946, also provides for joint consultation in the industries that come within its purview. The machinery for joint consultation at the factory level is called the joint committee which is similar to the works committee in structure and functions. However, there is this difference that the workers' representatives on the joint committees are nominated by the representative union and not elected as in the case of works committees. Further, the joint committee stands dissolved when the union loses its representative character, i.e., when the union membership falls below 15 per cent of the employees represented on the committee.⁴⁴

Joint consultation at the factory level covers mainly the following subjects. The consultative committee can consider

⁴⁴ Bombay Industrial Relations Act, 1946, Section 48 and 49.

matters relating to the work environment such as illumination, ventilation, tidiness, lavatories, and facilities for washing, drinking, and eating. It can also consider accident prevention and reduction of industrial hazards. The committee may carry out industrial health programmes by inspecting and supervising canteens and cafeterias and sanitary and health conditions and by educating workers in regard to nutrition and hygiene. The committee can also consider suggestions, complaints, and grievances of the workers. It can stimulate the workers' interest in welfare programmes too. The committee may, further, attempt to reduce the rates of labour turnover, absenteeism, and tardiness. These constitute the frame of reference of the joint consultative machinery at the factory level. But the State law contemplates that changes in the standing orders and registered agreements or awards before their expiry cannot be effected by joint committees.⁴⁵ The works committees constituted under the Central law, too, have their powers restricted in a like manner.

It is probably unkind to pass a verdict on this new programme of joint consultation. However, the progress made by the works committees which the present writer had occasion to study has not been encouraging. The employer in many cases has been considering the committees as merely a formalized agency for disposing of complaints, he himself not being prepared to agree to a reasonable compromise. Moreover, the employer looks upon this joint consultative committee as something which has been thrust upon him by the State. The cold reserve and reluctance with which the employer partakes in these joint deliberations make for the failure of the whole scheme. "The employers," said the State Labour Minister, "wherever these committees have been set up, have not fully appreciated them and have not

⁴⁵ P. B. Patwari: *The Bombay Industrial Relations Act*, p. 167.

tried to secure as many advantages as they should have."⁴⁶ As the employer is not earnest about joint consultation, the workers do not give their co-operation to it. The workers who get tutored by diehard union leaders use joint consultation as a platform to emphasize their rights and interests but do not evince an iota of their duty to promote co-operation with the management.

It is unfortunate that labour and management behave in this fashion ignoring their responsibility for building up mutual co-operation. The preparedness and willingness of the parties is the keynote of the success of joint consultation. If a large number of works committees and joint committees turns out to be failures, it need not cause any surprise, for joint consultations of this kind are like forced marriages.

⁴⁶ *Bombay Labour Gazette*, June 1950, p. 1122.

Mediation and Conciliation

THERE have been frequent references to the role of Government as a third party keenly interested in what goes on between labour and management. By stages, Government has assumed more and more of social responsibility and has gone on intervening in employment relationships in an ever-increasing degree. We shall now examine the Governmental efforts at settling the differences and conflicts between labour and management by means of mediation and conciliation. ("Labour" being a concurrent subject between the Centre and the States, there are different laws enacted by both the Centre and the States. There is a Central sphere in which the powers of law-making and law-enforcement are exclusively vested in the Centre ; and it consists of mines, oilfields, railways, major ports, and banking and insurance companies with branches in more than one State. There is a State sphere which consists of all other industries ; and in it both the Central and State laws prevail, although the enforcement of law is carried out solely by the State Government. In Bombay State, both the Bombay Industrial Relations Act, 1946, and the Central Industrial Disputes Act, 1947, are applicable, the former being applicable only to the textile, sugar and engineering industries, and the Bombay Electric Supply and Transport Undertaking).

Mediation

Mediation work in Bombay State is carried on by the labour

officers appointed by the State Government under the Bombay Industrial Relations Act, 1946. The functions of these labour officers comprise mediation in labour disputes, investigation of grievances, and inspection of labour conditions. Their reports give a strictly official version of the cases of industrial friction they examine. Even if the efforts of the labour officers fail to bring about an agreement between labour and management, the reports and evidences provided by the labour officers serve as a valuable guide for conciliators and arbitrators.

The Government labour officers receive complaints from the workers as well as the employers. On investigation, the labour officers make decisions which are communicated to the parties. When felt necessary, labour officers meet workers and managers or their representatives and mediate to effect agreements. Some facts about the decisions and directives of the Government labour officers in regard to the complaints and grievances they received from 1947 to 1950 are given below.

TABLE 10.1--DECISIONS OF GOVERNMENT LABOUR OFFICERS,
BOMBAY STATE, 1947 TO 1950

Nature of Decision	1947	1948	1949	1950
Favourable to workers	688	1,229	1,205	836
Unfavourable to workers	59	336	338	159
Dismissed as trivial	575	1,110	1,698	1,233
Total	1,322	2,675	3,241	2,228

Sources : Government of Bombay, *Report of the Labour Department for the Years 1946, 1947 and 1948*, pp. 76 and 77; and *Bombay Labour Gazette*.

Table 10.1 indicates in some degree the usefulness of the work of Government labour officers. During the four years from 1947 to 1950, 48.8 per cent of the complaints received

happened to be trivial and had to be dismissed as such.⁴⁷ However, the large number of decisions given in favour of the workers is significant, for it shows that the employers have been unfair to the workers. The unfair practices of the employers speak ill of their distinguished position. The relatively large number of decisions against the employers stands in contrast to the number in their favour. The employers may interpret this trend in their own way and maintain that the Government labour officers are biased in favour of the workers, for the employers in general refuse to admit their actions to be wrong or unjust or against the spirit of the law. The employment conditions and the treatment accorded to the workers are not always satisfactory. In a real sense, the work of the Government labour officers and the law behind their intervention give the workers a certain degree of protection from the unenlightened and despotic management.

The Central industrial disputes law does not provide for mediation by Government labour officers. Therefore, mediation work in Bombay State is confined to such industries as are covered by the State industrial relations law, viz., textile, sugar and engineering industries and the Bombay Electric Supply and Transport Undertaking. The labour officers appointed by the Central Government carry on functions more approximating to those of the company labour officers.

Conciliation Machinery

Government of Bombay has organized a conciliation service under the State Commissioner of Labour. The principal function of one Deputy Commissioner of Labour and nine Assistant Commissioners of Labour is to run this conciliation service.

⁴⁷ Percentages of trivial complaints to the total:

1947 : 43·5%	1949 : 52·4%
1948 : 41·5%	1950 : 60·8%

The conciliators under the Bombay Industrial Relations Act have the same powers as are vested in Courts in respect of :

- a. Proof of facts by affidavits ;
- b. Summoning and enforcing the attendance of any person and examining him on oath ;
- c. Compelling the production of documents ; and
- d. Issuing commissions for the examination of witnesses.⁴⁸

Similar powers are also vested in the Industrial Court, Labour Courts, Courts of Enquiry and Boards of Conciliation. With such wide powers the conciliator can effectively intervene in disputes or differences between employers and workers with a view to bringing about a settlement.

The conciliator initiates the conciliation proceedings only when a case of industrial dispute or difference is referred to him by the Government. Any change relating to an industrial matter on which a difference of opinion exists between employers and workers is referred by the Government to the conciliator concerned. As for the duties of the conciliator, the law states:

It shall be the duty of the Conciliator to endeavour to bring about the settlement of an industrial dispute and for this purpose the Conciliator shall enquire into the dispute and all matters affecting the merit thereof and may do all such things as he thinks fit for the purpose of inducing the parties to come to a fair and amicable settlement of the dispute and may adjourn the conciliation proceeding for any period sufficient in his opinion to allow the parties to arrive at a settlement or for any other matter.⁴⁹

The conciliator cannot, however, extend the time limit for the completion of a conciliation proceeding beyond two months in the aggregate except in a case where the parties to the dispute themselves agree to an extension of the period.⁵⁰

⁴⁸ Bombay Industrial Relations Act, 1946, Section 118 (1).

⁴⁹ Ibid., Section 56 (2).

⁵⁰ Ibid., Section 62 (1) and (2).

Conciliation work preconceives strict observance of the law by the parties appearing in the proceedings. If any of the parties conduct or partake in a strike or effect a lockout during the pendency of conciliation proceedings, the conciliator will adjourn the proceedings *sine die*. Since such strike or lockout is illegal, Government can take stern action against the parties at fault through the Bombay Industrial Relations Act as well as the Central Preventive Detention Act. The persons taking part in illegal strikes are liable to be punished with fines ; and persons who instigate or incite others to take part in or otherwise act in furtherance of an illegal strike are liable to be punished with imprisonment for a term which may extend to three months or with fine or with both.⁵¹ While small strikes are often left to find their own ends, big strikes which involve large numbers of workers and cause commotion in the public are ruthlessly dealt with by the State Government.

The Bombay Industrial Relations Act also provides that no strike or lockout should take place during the pendency of, and two months from the termination of, conciliation proceedings.⁵² While there is such restriction on the exercise of economic sanctions, the parties to the industrial dispute enjoy the freedom to accept or reject the conciliator's final formula of settlement. Although the conciliator cannot impose his own terms of settlement, his persuasive efforts avert strikes and lockouts in such cases where he succeeds in driving home to the parties the advantages of mutual agreement. During the course of conciliation proceedings, the parties get time and opportunity to review the decisions they made, perhaps, impulsively and without mature considera-

⁵¹ Ibid., Sections 103 and 104.

⁵² Ibid., Section 97 (1) (e) and Section 98 (1) (d).

tion. The personality of the conciliator is an important factor which should help to bring about a mutually acceptable settlement of the issues at dispute.

The above discussion of legal points and their implications regarding conciliation has been largely confined to the law enacted by the Government of Bombay. The Bombay law is slightly more thorough and comprehensive than the corresponding Central law. But there is no fundamental difference between the two laws as far as the conciliation service is concerned.

Success of Conciliation Work

To evaluate the success of State intervention through the compulsory conciliation service, adequate statistics are necessary. The available statistical information has its limitations. For instance, the number of cases that are referred to conciliation does not indicate the importance of those cases or the number of workers affected by those cases. Actually an analysis of the nature of industrial differences, along with the number of employees affected, alone can give us a complete picture of the cases that come up for conciliation. However, we shall try to proceed with the limited statistical material available to us.

The conciliation cases that ended in mutually acceptable agreement were not as difficult to handle as the cases that ended in failure. The bargaining strength of the parties at dispute in the cases which ended in failure was higher than in the cases which ended in agreement. Furthermore, a much larger number of workers must have been involved in the cases that ended in failure. The powerful groups of workers and employers had the determination and the stamina to carry their disputes and differences to a crucial stage by subjecting themselves to arbitration or resorting to economic

TABLE 10·2—TERMINATION OF CONCILIATION CASES, BOMBAY STATE, 1946 TO 1952

Nature of Termination	1946	1947	1948	1949	1950	1951	1952
Number of Cases under Central Law							
Successfully terminated	a	100	247	a	a	245	233
Terminated in failure	a	39	53	a	a	329	268
Withdrawn or not pursued	a	a	a	a	a	283	312
Number of Cases under State Law							
Successfully terminated	61	46	92	a	a	244	240
Terminated in failure	102	117	110	a	a	120	214
Withdrawn or not pursued	83	111	226	a	a	348	284
Total							
Successfully terminated	a	146	339	579	627	489	473
Terminated in failure	a	156	163	836	558	449	482
Withdrawn or not pursued	a	a	a	471	933	631	594

a Figures not available.

Sources : Government of Bombay, *Report of the Labour Department for the Years 1946, 1947 and 1948*; Press Note issued by the Government of Bombay, Directorate of Publicity; and *Bombay Labour Gazette*.

sanctions. The larger the number of workers employed in an industry in any single area, the greater will be the bargaining power of the workers as well as that of their employers. Big power blocs of capital and labour, when they clash, are not quite amenable to tactics of persuasion by third parties. Their normal tendency is to resort to economic sanctions and fight out the issues. If they are prohibited from using economic sanctions, they submit themselves to compulsory arbitration.

In addition to successes and failures, one finds in Table 10.2 a class of cases, "withdrawn or not pursued." It is a frequent experience at the conciliation office to find many cases that are not pursued by the parties supposedly at dispute. On many occasions, the complainant party withdraws the case, perhaps, on the considered advice of the conciliator. These "withdrawn or not pursued" cases are relatively far less important than other cases, for they are usually minor cases or cases where the disputes and differences are not well defined.

The success or failure of conciliation proceedings depends not only on the bargaining power of the parties at dispute, but also on the character of the demands made by either party. Table 10.3 is presented to make the position of the demands clear. Questions of remuneration such as basic pay, allowances, and bonus constitute the largest single group of causes which necessitate conciliation work. Since remuneration represents the price of labour, it is understandable that the workers strive to raise the rates of remuneration, while the employers usually resist such attempts. Industrial differences are bound to be the highest in matters relating to remuneration.

TABLE 10·3—CHARACTER OF CONCILIATION CASES, BOMBAY STATE,
1946 TO 1948

Issue at Dispute	Number of Cases					
	Under Central Law		Under State Law			
	1947	1948	1946	1947	1948	
Pay and allowances	59	127	56	37	56	
Bonus	37	75	14	23	20	
Discharge and reinstatement	26	50	37	57	59	
Leave and hours of work	7	15	1	3	6	
Other	10	33	55	43	51	
Total	139	300	163	163	202	

Source : Government of Bombay, *Report of the Labour Department for the Years 1946, 1947 and 1948*, pp. 52–56.

The number of cases regarding discharge and reinstatement also figures high in Table 10.3. It is not infrequent to find employers discharging workers who take active part in labour organization. The employers' anxiety to have as few labour troubles as possible actuates them to discharge the active union members, of course, under some other pretext.

Such being the character of conciliation cases, let us see how fast these cases are disposed of by the conciliators. The duration of conciliation proceedings is particularly important because the law forbids economic sanctions during the pendency of the proceedings.

A conciliation proceeding is deemed to be pending from the date of the receipt of the case by the Government to the date on which the conciliator makes his report on the case. Table 10.4 shows that on an average from 40 to 45 per cent of the cases take more than two months for the termi-

TABLE 10·4—DURATION OF CONCILIATION PROCEEDINGS, BOMBAY STATE, 1946 TO 1948

Duration (days)	Number of Cases				
	Under Central Law		Under State Law		
	1947	1948	1946	1947	1948
30 and below	52	105	39	21	93
31 to 60	30	75	56	66	59
61 to 100	23	46	31	34	27
101 to 150	23	28	20	15	8
Over 150	11	46	17	27	15

Source : Government of Bombay, *Report of the Labour Department for the Years 1946, 1947 and 1948*, pp. 52-56.

nation and that from 10 to 15 per cent of cases exceed six months. This shows that in a good number of cases, conciliation is a long drawn out process. The State law requires that the duration would not be extended beyond two months without the consent of the parties at dispute. The fact that a large number of cases exceeded the two-month limit implies that those parties had given their consent and that they were interested in exploring the possibility of peaceful settlement at the conciliation stage.

The preparedness of the parties at dispute to come to a settlement before the conciliator is, however, visibly absent in many cases. In some, it is the quality of leadership that works as a handicap. The leadership on both sides, viz., management and labour, is frequently bent on precipitating dogged fights. There are also managements and unions who meet each other half way. On the side of labour, the I.N.T.U.C. unions are by far the most "reasonable." The managements find them easier to tackle ; and so do the conciliators. There is usually an atmosphere of friendliness and amity in the relations of the I.N.T.U.C. unions with

the managements. The unions led by the Communists and the Socialists invariably formulate heavy demands which the managements are unwilling to concede. The gross disagreements between these unions and managements make for the failure of conciliation efforts.

More than all these, the fact that the conciliation service functions in a social order dominated by the compulsory adjudication system accounts for the failure of conciliation work in a large number of cases. The management participates in the conciliation proceedings with much reservation. It is unwilling to bargain with labour at the conciliation stage. The overtures and offers which the management makes with a view to effecting a settlement will put it at a disadvantage when labour does not show sufficient response. When the conciliator fails to strike the golden mean and the matter goes for compulsory adjudication, labour will make a pointed reference to management's offer, say, of wage increases and the like and ask for more substantial concessions. Invariably, the adjudicator will not give an award which is less advantageous to labour than the offer made by management at the conciliation stage. Labour will thus try to make the best of both worlds : the benefit of collective bargaining as well as compulsory adjudication. Although labour's strategy of this kind cannot be condemned, management will be on its guard not to commit itself to any final concession at the conciliation stage. Labour will likewise be equally careful not to commit itself to anything which will necessitate a pruning down of its charter of demands. In such an atmosphere, no frank and free discussion can take place. In one word, the threat of adjudication causes the failure of conciliation.

Compulsory Adjudication System

SINCE the Second World War, the most predominant feature of industrial relations in India has been the compulsory adjudication of labour-management differences and disputes. State intervention in the shape of compulsory adjudication covers the entire field of employment relationships, regardless of whether an industry or service is essential or non-essential. Moreover, compulsory adjudication has become a permanent feature of industrial relations ; for it is no longer an emergency measure. Therefore, we can with justification speak of this system as the Compulsory Adjudication System. We shall presently examine the institutions that constitute this system, viz., wage boards, labour courts, industrial courts, industrial tribunals, and the labour appellate tribunal.

Wage Boards

The wage boards are essentially tripartite in character. Yet, the reason why the discussion on wage boards finds a place in this chapter is that they are an agency for compulsory adjudication and that the decisions made by them have the same binding effect as the awards of industrial tribunals.

The Bombay Industrial Relations (Amendment) Act (LXIII of 1948) has added a fresh chapter to the State industrial relations law. It empowers the Government to con-

stitute wage boards in any industry covered by the Act. Accordingly, by Government Resolution dated 4 August 1948, a wage board was constituted for the cotton textile industry in Bombay State. This wage board is composed of seven members, two representing labour, two representing employers, and three independent members appointed by the government, the chairman being one of the independent members. The number of members on this wage board is considerably smaller than that of the trade boards in the U.K. The number of members on the British trade boards ranges from 15 to 53 ; the exact number depends on how many persons are required to ensure that a board is thoroughly representative of the different elements involved in the trade. The most frequent number of members is 27.⁵³ The British trade boards law requires that the number of impartial members must be less than one-half of the total number of representative members ; but in practice each board has only three impartial members.⁵⁴ While the number of impartial members on the Bombay wage boards is only three, the number of representative members is far too small.

An important departure from the British system is that the wage boards in Bombay State are only for the more highly organized and unionized industries, for instance, the textile industry. In the U.K., the criterion for constituting a trade board for any trade is the absence of an adequate machinery for wage regulation.⁵⁵ In Bombay State, the principal purpose of starting wage boards was to relieve the Industrial Court and the labour courts of a part of their adjudication work.

⁵³ Dorothy Sells: *British Wages Boards*, p. 117.

⁵⁴ J. H. Richardson: *Industrial Relations in Great Britain*, p. 144.

⁵⁵ Ibid., p. 143.

The Industrial Court can hear appeals against the decisions of the wage boards, for the wage boards and labour courts are subordinate to the Industrial Court. The jurisdiction of the wage boards, as distinguished from that of the labour courts, will be clear from the under-mentioned list of industrial matters that may come up for decision before the wage boards :

- a. Reduction intended to be of permanent or semi-permanent character in the number of persons employed or to be employed in any occupation or process or department or departments or in a shift not due to *force majeure* ;
- b. Permanent or semi-permanent increase in the number of persons employed or to be employed in any occupation or process or department or departments ;
- c. Rationalization or other efficiency systems of work ;
- d. Wages including the period and mode of payment ;
- e. Hours of work and rest intervals.

In addition to these industrial matters, leave with or without pay also comes within the jurisdiction of the wage board

TABLE 11·1—DECISIONS OF THE WAGE BOARD FOR THE COTTON TEXTILE INDUSTRY, BOMBAY STATE, 1950 TO 1952

Year	Termination of Cases				Number o Decisions	Appealed Against
	Unanimous Decision	Majority Decision	Voluntary Settlement	Total		
1950	12	1	72	85	8	
1951	3	1	17	21	1	
1952	0	0	15	15	0	
Total ...	15	2	104	121	9	

Source : Office of the Wage Boards for the Cotton and Silk Textile Industries, Bombay.

according to Rule 4 of the Bombay Wage Board Rules.⁵⁶ The Government may, therefore, refer to the Wage Board any industrial dispute or difference on any of these industrial matters in the particular industry. Although the members serving on the wage boards are paid only a nominal sitting fee, they evince keen interest in the cases that come up for decision. The wage board meets and hears cases as often as necessary, but its proceedings are formal.

The record of the wage board for the cotton textile industry during the last five years of its existence was remarkably good. A large majority of cases ended in voluntary settlement between the disputing parties. With rare exceptions, the cases that did not lead to voluntary settlement were all settled by unanimous decisions. Only a small number of wage board decisions were appealed against by the parties. It is also significant that the number of appeals have been declining during the last three years. In fact, in 1952, all the cases that came before the wage board ended in voluntary settlement and, therefore, the question of appeal did not arise at all.

It is somewhat strange and perplexing to find a virtual unanimity of opinion among the representatives, particularly, on matters relating to wages. It is perplexing because of the well-known conflicts between the employers and workers in the cotton textile industry. The only reason for such unanimity appears to be the fact that the representatives of labour on the wage board are not revolutionaries. The "representative unions" in Bombay and Ahmedabad are affiliated to the Indian National Trade Union Congress and are more "reasonable" in their demands. The I.N.T.U.C. does not stand for class war. Its leaders believe that co-operation with the employers will bring greater benefit than

⁵⁶ See *Bombay Government Gazette Extraordinary*, Part IV B, 17 January 1949, pp. 64-66.

what conflicts will bring and that more can be gained by arbitration than by the use of economic sanctions.

The wage board for the silk textile industry did not show a good record of success and, therefore, detailed information about its working was not available to the present writer. A large proportion of its decisions were appealed against in the Industrial Court. In the absence of adequate statistical data it is not possible to state categorically the reasons for the poor record of this wage board. It is believed that the composition of the board itself was the cause of the board's failure. Labour is represented on this board by the Indian National Trade Union Congress, while the most powerful labour union in the industry is controlled by the Hind Mazdoor Sabha. The I.N.T.U.C. should not have been given this undue official patronage.

Labour Courts

On 29 September 1947, when the Bombay Industrial Relations Act came into force, labour courts were set up in Bombay, Ahmedabad, Sholapur, and Jalgaon. The purpose of constituting labour courts was clearly given in the Statement of Objects and Reasons which accompanied the Bombay Industrial Relations Bill :

An analysis of strikes and lockouts occurring over a series of years has revealed that a large proportion of stoppages arises out of disputes involving no substantial issues. The conciliation procedure has not been found quite suitable for dealing with disputes of this character, both because of the length of time which the proceedings take and the lack of finality at the end of the proceedings. A remedy for this will be found in the labour courts to ensure impartial and relatively quick decisions in references regarding illegal changes, illegal strikes and lockouts, and the complaints that either side may bring up.

With regard to powers and responsibilities, the law empowers labour courts to give decisions in respect of

- a. The propriety and legality of an order passed by an employer under the standing orders;
- b. The application and interpretations of the standing orders;
- c. Any change made by an employer or desired by an employee in respect to an industrial matter or matters arising out of such change;
- d. Industrial disputes in respect of which no provision has been made in any submission for the appointment of an arbitrator;
- e. Disputes in respect of which it is appointed as arbitrator by a submission.⁵⁷

The labour courts are also empowered to decide whether a strike, lockout, or any change is legal or illegal.

The jurisdiction of a labour court is limited to the jurisdiction of the Bombay Industrial Relations Act, viz., the textile, sugar and engineering industries in Bombay State and the Bombay Electric Supply and Transport Undertaking. The territorial limits of the different labour courts are well demarcated. A labour court has no overlapping jurisdiction with the wage boards either. The "industrial matters" which can be referred to the wage boards are excluded from the jurisdiction of the labour courts.

The powers and jurisdiction of the labour courts thus defined, we shall now examine the actual work performed by the four labour courts in Bombay State. The Ahmedabad Labour Court received by far the largest number of applications. However, the highest number of applications in connection with illegal strikes and lockouts was registered in Bombay. It might perhaps be that Bombay had a larger number of illegal strikes than the other regions. It is unfortunate that the official statistics do not reveal the number and magnitude of illegal strikes and lockouts. The

⁵⁷ The Bombay Industrial Relations Act, 1946, Section 78(1)(a).

TABLE 11·2—APPLICATIONS ADMITTED BY LABOUR COURTS IN BOMBAY STATE FROM 29 SEPTEMBER 1947 TO 30 JUNE 1952:
PERCENTAGE DISTRIBUTION BY CAUSE OF DISPUTE

Year	Cause of Dispute					Number of Cases
	Illegal Strike or Lockout	Illegal Change	Discharge or Reinstate- ment	Miscel- laneous	Total	
1947	10·4	29·2	50·0	10·4	100·0	48
1948	14·9	49·5	26·9	8·7	100·0	576
1949	4·6	33·7	38·2	23·5	100·0	1,530
1950	3·8	26·1	52·0	18·1	100·0	1,708
1951	4·2	22·6	45·2	28·0	100·0	1,527
1952	2·1	33·2	29·2	35·5	100·0	896

Source : Bombay *Labour Gazette*.

questions of illegal changes and of discharge and reinstatement covered the large majority of arbitration cases in the labour courts. Most of these cases were filed by the workers or their representatives.

Among the 6,285 cases that came up before the labour courts during the last five years, the labour courts gave considered decisions or awards only in 15 per cent of the cases. The vast majority of cases did not call for the labour court's judgments. An overwhelmingly large number of cases ended in mutual agreement between the parties at dispute. This is particularly true of Ahmedabad which has developed a tradition all its own.

Since the decisions and awards of the labour courts cannot be called in question in any civil or criminal court, they have to be complied with by the parties concerned, save in the cases of appeal filed in the Industrial Court. The labour

TABLE 11·3—CASES DECIDED BY LABOUR COURTS IN BOMBAY STATE FROM 29 SEPTEMBER 1947 TO 30 JUNE 1952:
PERCENTAGE DISTRIBUTION BY CHARACTER OF DECISION

Year	Character of Decision					Total	Number of Cases
	Favourable to Employers	Favourable to Workers	Mutual Agreement	Dismissal of Case	Withdrawal of Case		
1947	10·4	14·6	37·5	33·3	4·2	100·0	48
1948	19·3	16·1	38·4	13·5	12·7	100·0	576
1949	5·3	11·7	34·9	24·9	23·2	100·0	1,530
1950	3·1	9·0	46·3	20·2	21·4	100·0	1,708
1951	3·4	7·9	42·3	20·1	26·3	100·0	1,527
1952	1·5	6·8	37·8	28·5	25·4	100·0	896

Source: *Bombay Labour Gazette*.

courts are the courts of first instance from where appeals can be filed in the Industrial Court within thirty days of the labour courts' issuing the orders. The Industrial Court may admit appeals⁵⁸

- a. Against a decision of a labour court;
- b. Against a conviction by a labour court;
- c. Against an acquittal by a labour court;
- d. For enhancement of a sentence awarded by a labour court.

In other words, it is within the powers of the Industrial Court to hear appeals against any decision, award, or order given by the labour courts.

Bombay Industrial Court

The Industrial Court at Bombay was established in 1939 under the old Bombay Industrial Disputes Act, 1938, mainly for voluntary arbitration of cases jointly submitted by the employers and workers or their representatives. During the Second World War, Section 49A was added to this Act, providing a legal framework for compulsory arbitration of

⁵⁸ *Bombay Industrial Relations Act*, Section 84(1).

industrial disputes. (Rule 81A of the Defence of India Rules contained similar provisions). However, the Act of 1938 was replaced by the Bombay Industrial Relations Act, 1946, which conferred wider powers on the Industrial Court by embodying in principle the rigorous provisions of the Defence of India Rule 81A. This new Bombay legislation and the Central Industrial Disputes Act, 1947, showed that the compulsory adjudication system had come to stay.

Except for the newly constituted Labour Appellate Tribunal of India, the Bombay Industrial Court is the most important court of industrial arbitration in Bombay State. The eminence and the rich heritage of the Industrial Court is not disputed by any one. The nature of service it renders to the industrial society will be clear from the functions assigned to it by law. It is the duty of the Industrial Court to decide appeals from

- a. The orders of the Registrar, Bombay Industrial Relations Act, relating to the registration or cancellation of labour unions ;
- b. The decisions of the Commissioner of Labour relating to standing orders ;
- c. The decisions of the labour courts ;
- d. The decisions of the wage boards.

Furthermore, it is the duty of the Industrial Court to decide references made to it

- a. By a conciliator, or a board of conciliation, or an arbitrator ;
- b. By a civil or criminal Court ;
- c. By a labour court ;
- d. By a wage board ;
- e. By the Commissioner of Labour ;
- f. By the State Government.

The references by the State Government can be for a declaration whether a proposed strike or lockout would or would not be legal, or on any point of law arising from any proceedings held under the Bombay Industrial Relations Act. The

State Government may also refer any industrial dispute to the Industrial Court for compulsory arbitration at any time.⁵⁹ In addition, the Industrial Court may decide cases of industrial disputes and differences submitted to it voluntarily by the parties at dispute.

The powers of the Industrial Court in respect of offences punishable under the Bombay Industrial Relations Act are similar to those of the High Court of Judicature at Bombay. The powers regarding witness-summons are also the same as those of the civil courts. These and certain other powers as are necessary for its effective functioning are vested in the Industrial Court in addition to its powers of appeal, review, reference, and arbitration. The Industrial Court's orders, decisions, and awards are binding on the parties concerned, except when an order to the contrary is given by a higher court.

The High Court of Judicature at Bombay and the Supreme Court of India have inherent power to issue a *writ of certiorari* against the Industrial Court's decision, order, or award, if it is shown that the Industrial Court had acted without jurisdiction or in excess of its legal authority. Neither the High Court nor the Supreme Court can reverse or annul an award of the Industrial Court, however wrong it may be, if such award is given under proper legal authority. The only place where one can appeal on the economic and social issues involved in an order, decision, or award of the Industrial Court is the Labour Appellate Tribunal of India.

Arbitration by Industrial Court

The law in force in 1946 was the now repealed Bombay Industrial Disputes Act, 1938. The year 1947 saw the transition to the new Bombay Industrial Relations Act, 1946.

⁵⁹ Bombay Industrial Relations Act, Section 73.

The broad principles of State intervention did not undergo any appreciable change as a result of the ushering in of the new legislation.

TABLE 11·4—TYPES OF ARBITRATION CASES FILED AT THE BOMBAY INDUSTRIAL COURT, 1946 TO 1948

Type of Arbitration Cases	Number of Cases		
	1946	1947	1948
Submissions	9	12	9
Applications regarding illegal changes	58	129	17
Applications regarding illegal strikes	20	10	1
Appeals	1	4	62
References by State Government	15	44	43
Miscellaneous	1	27	20
Total ...	104	226	152

Source: Government of Bombay, *Report of the Labour Department for the Years 1946, 1947 and 1948*, p. 41.

The submissions mentioned in Table 11.4 are the cases voluntarily submitted to the Industrial Court Jointly by the parties at dispute. The arbitration of such cases are usually from 6 to 9 per cent of the total. The applications mentioned in the above table are those cases filed by either of the parties at dispute. (In such cases, the party that files the case gives its consent implicitly, while the respondent party is compelled to accept the fact of arbitration). Since September 1947, a large number of these cases were handled by the labour courts from where appeals could be made to the Industrial Court. It is this situation which explains the fall

in the number of applications and the rise in the number of appeals.

The references by the State Government are made presumably without the consent of both the parties at dispute. The number of references to the Industrial Court that are made presumably against the will of the employers and workers is many times more than the number of submissions and is on the increase comparatively to the severity rate of industrial disputes.

TABLE 11·5—THE ARBITRATION CASES FILED AT THE BOMBAY INDUSTRIAL COURT BY INITIATING AGENCIES,
1946 TO 1948

Initiating Agency	Number of Cases		
	1946	1947	1948
Labour union and employer association	0	12	9
Labour union and individual employer	9	0	0
Labour union alone ...	4	27	19
Individual worker ...	34	127	32
Individual employer ...	21	13	48
Employer association ...	0	3	1
State Government ...	16	44	43
Total ...	104	226	152

Source: Government of Bombay, *Report of the Labour Department for the Years 1946, 1947 and 1948.*

The nature of the cases filed at the Industrial Court will be clearer with the help of the statistics in Table 11.5. The submissions made in 1946 were jointly initiated by the labour unions and individual employers, while for the later two years, employer associations have taken the place of in-

dividual employers. This is significant inasmuch as it indicates growing employer combination. The above table shows that organized and unorganized workers made use of the arbitration system. The large number of cases filed by individual workers in 1947 bears out this statement. The reason why there were so many cases initiated by the workers is that the year 1947 was one of acute industrial unrest. The severity rate of industrial disputes was high not merely due to the efforts of political adventurers in the labour field, but also due to the intense and widespread industrial discontent among the nation's labour force. The number of cases filed by the unorganized workers and labour unions diminished in 1948 because labour courts decided many cases to the satisfaction of the individual workers. But as the labour courts' decisions accorded some degree of satisfaction to the workers and labour unions, the employers in many cases appealed to the Industrial Court. Thus the number of cases initiated by individual employers rose in 1948. Alongside, it seems that the employer associations have started taking a keener interest in the arbitration system than they did till the end of the Second World War.

As regards the issues involved in the arbitration cases, it is not possible to give even moderately satisfactory statistics, for in the large majority of cases at the Industrial Court, the demands put forward by labour unions covered a wide variety of subjects. When the unions framed their demands, the immediate issue which threatened the breach of industrial peace was often relegated to a place of secondary importance. It is often difficult to spot out the most important demand by a perusal of the long charter of demands. However, basic wages, dearness allowance, bonus, provident fund, gratuity, reinstatement of workers, leave and hours of work, and union recognition were usually the chief issues. Some other

issues of lesser importance also found frequent inclusion. From this list of issues, differing permutations and combinations of demands emerged in the various arbitration cases.

The arbitration cases on an average take three to six months to be disposed of by the Industrial Court. While there are certain cases which are disposed of within a month, there are other cases which drag on for more than a year. The inordinate delay in the proceedings is caused not only by the Court's inability to cope with the pressure of work expeditiously, but also by the faults of either of the parties at dispute. The employers, as a rule, ask for more time to study the cases. In certain cases, it is gratifying that the Industrial Court insists on expediting the whole matter so as to be able to give an award in due time.

TABLE 11·6—DISPOSAL OF ARBITRATION CASES BY THE BOMBAY INDUSTRIAL COURT, 1946 TO 1948

Nature of Disposal	Number of Cases		
	1946	1947	1948
Withdrawal	20	74
Award given	109	134
Pending at the end of the year	107	125
Total *	...	236	333
			277

* The totals in this table include the cases pending from the previous year, while Tables 11.4 and 11.5 relate only to the cases filed in each year. This explains why the totals do not tally with those in the two preceding tables.

Source: Government of Bombay, *Report of the Labour Department for the Years 1946, 1947 and 1948*, p. 39.

Considering the number of cases pending at the end of each year, one cannot pay high compliments to the expeditious

nature of the Industrial Court's work. However, it is to the credit of the Industrial Court that its pace of work has increased. In 1946, the Industrial Court had 45 per cent of the number of cases on hand in the year pending at the end of the year. The percentage was reduced to 38 in 1947 and 25 in 1948. This progress is indeed commendable.

The Industrial Court is often relieved of the onus of giving an award when the initiating agencies withdraw the cases. Expressing as percentages to the total number of cases on hand, the withdrawals were 8 per cent in 1946, 22 per cent in 1947, and 12 per cent in 1948. The withdrawals were mostly regarding the applications relating to illegal changes. The realization of the legality or *bona fides* of the industrial changes in question frequently leads to the withdrawal of cases. Such good sense displayed by the applicant parties, who are usually labour unions, enables the arbitrators to devote their time and energy to the more important cases.

As seen in Table 11.6, the arbitrators gave awards in about half the number of cases on hand. To be precise, awards were given in 47 per cent of cases in 1946, 40 per cent in 1947, and 63 per cent in 1948. These awards included mutual agreements arrived at between the parties before the Industrial Court. Such agreements are reached, on an average, in about 4 to 6 per cent of cases heard by the Industrial Court. These agreements are, as a rule, accepted by the Industrial Court and are incorporated in its award, so that they may carry the same force of authority.

Adjudication Under Central Law

While the Industrial Court and its ancillary bodies are the governmental agencies functioning under the Bombay Industrial Relations Act, 1946, the Industrial Tribunals perform more or less the same functions under the Central Industrial Disputes Act, 1947.

In conducting adjudication, the Industrial Tribunal under the Central Industrial Disputes Act, 1947, has the same powers as are vested in a civil court under the Code of Civil Procedure, 1908. The duties of the Industrial Tribunal are to hold proceedings on all matters referred to it for adjudication and to submit its award to the appropriate Government. The award of such a tribunal is as binding on the parties as that of the Industrial Court. The powers of the Industrial Tribunal are different from those of the Industrial Court in one respect only : that is, when the Government (Central or State) itself is a party to the dispute. When any Government is so involved in a dispute, the ultimate power to accept, modify or reject the award, is with the appropriate legislature : the State Legislature or the Union Parliament, as the case may be.⁶⁰

In Bombay State, by Government Resolution, all the members of the Bombay Industrial Court are also Industrial Tribunals under the Central Act. The disposal of cases by the Industrial Tribunals is given in Table 11.7. The number

TABLE 11.7—DISPOSAL OF ADJUDICATION CASES BY INDUSTRIAL TRIBUNALS, BOMBAY STATE, 1946 TO 1948

Nature of Disposal	Number of Cases		
	1946	1947	1948
Withdrawal	0	0	0
Award given	9	11	10
Pending at end of year ...	5	11	1
Total ...	14	22	11

Source: Government of Bombay, *Report of the Labour Department for the Years 1946, 1947 and 1948*, p. 40.

⁶⁰ See Industrial Disputes Act, 1947, Section 17A.

of cases handled by the Industrial Tribunals is very small when compared to the work turned out by the Industrial Court. The reason why only very few cases were adjudicated by the industrial Tribunals is that the textile industries and, later, the engineering industries were covered by the State law alone. Only the industries that fell outside the jurisdiction of the State law were covered by the Central law. These industries employed relatively fewer workers and enjoyed relative industrial peace as compared to the textile and engineering industries.

The jurisdiction of the Industrial Tribunals appointed by the Bombay Government is within the State sphere of labour administration alone. There are other Industrial Tribunals appointed by the Central Government to adjudicate industrial disputes occurring in the Central sphere, viz., all Central Government undertakings, major ports, mines, oilfields, banks and insurance companies. There are only two permanent Industrial Tribunals under the Central Government : one at Calcutta and the other at Dhanbad. Also *ad hoc* Industrial Tribunals are constituted when it is considered expedient. One such *ad hoc* tribunal was the All-India Industrial Tribunal (Bank Disputes) which functioned during 1949-50. The *ad hoc* tribunals exercise the same powers and carry the same responsibilities as the permanent tribunals. However, if such an industrial tribunal is set up by "the notification of the Government of India in the Ministry of Labour, No. L.R-2 (205), dated the 13th June, 1949," the Labour Appellate Tribunal of India has no jurisdiction to sit in appeal over an award of such industrial tribunal.⁶¹

Central Appellate Authority

The Labour Appellate Tribunal of India is at the apex of

⁶¹ Industrial Disputes (Appellate Tribunal) Act, 1950, Section 7 (2) (a).

the compulsory adjudication system. The Industrial Disputes (Appellate Tribunal) Act, 1950, has provided for this appellate authority to which appeals can be made from any award or decision of an industrial tribunal or industrial court in India.⁶² But the law makes it specific that no appeal should lie from :

Any award or decision of an industrial tribunal made with the consent of parties or from any settlement arrived at between the parties in the course of conciliation proceedings, whether before a conciliation officer or a conciliation board or any authority, or from any decision of an arbitrator appointed under any law with the consent of parties to settle any dispute.⁶³

The Bombay Industrial Court is an industrial tribunal according to this law.

With the above exceptions, the Appellate Tribunal has jurisdiction to hear appeals from any award or decision of an industrial tribunal in respect of :

- a. Wages ;
- b. Bonus or travelling allowance ;
- c. Any contribution paid or payable by the employer to any pension fund or provident fund ;
- d. Any sum paid or payable to, or on behalf of, the workman to defray special expenses entailed on him by the nature of his employment ;
- e. Gratuity payable on discharge ;
- f. Classification by grades ;
- g. Retrenchment of workmen ;
- h. Any other matter which may be prescribed.⁶⁴

Further, the Appellate Tribunal has jurisdiction to hear appeals from awards or decisions of an industrial tribunal if such appeals involve any substantial question of law.⁶⁵

⁶² Appeals on questions of jurisdiction alone are entertained in the High Courts of Judicature and the Supreme Court of India.

⁶³ Industrial Disputes (Appellate Tribunal) Act, 1950, Section 7 (2) (b).

⁶⁴ Ibid., Section 7 (1) (b).

⁶⁵ Ibid., Section 7 (1) (a).

As for the powers, the Appellate Tribunal has the same powers as are vested in a civil court when hearing an appeal under the Code of Civil Procedure. Among the other powers vested in the Appellate Tribunal is the power to "confirm, vary, or reverse the award or decision appealed from" and "to pass orders as it may deem fit."⁶⁶

The Appellate Tribunal has now been in existence for three years. It minimized the confusion in the adjudication field by enunciating norms and principles pertaining to adjudication. Its decisions served as a valuable guide for the adjudicators throughout the country.

Appraisal of Industrial Awards

It is indeed difficult to evaluate the work of adjudicators in the industrial realm. However, an attempt is made here to present as briefly as possible the significance of arbitral awards, pertaining to Bombay, given during the three years, 1947, 1948 and 1949.

Questions of remuneration posed the biggest problem for the tribunals and arbitrators. However, the Bombay Industrial Court has given the lead to other tribunals in the country in the matter of determining basic wages and rates of dearness allowances. The award of the Industrial Court of 31 May 1947 relating to cotton textile industry in Bombay fixed a basic minimum wage of Rs. 30 for 26 working days in that industry. In fixing this rate, the Industrial Court was guided by the counsel given by Prof. C. N. Vakil, in his capacity as the assessor. This award received so much of recognition that basic wages in other industries and places were fixed by tribunals largely in relation to it. For instance, the same rate of basic minimum wages was fixed for the workers

⁶⁶ Industrial Disputes (Appellate Tribunal) Act, 1950, Section 9(7).

in the Imperial Chemical Industries (India) Ltd. and several other undertakings.⁶⁷

In addition to the basic minima fixed for the unskilled labour, different occupational minima were also fixed by the decrees of the Industrial Court and Industrial Tribunals. One of the objectives of occupational wage fixation was to standardize the wage rates occupation-wise in each local labour market. In achieving this objective, the views of economic and technological experts were taken into consideration. To help arrive at a detailed plan of standardized occupational wage rates, a four-man standardization committee was appointed for the cotton textile industry. Based on the findings of this committee, the Industrial Court fixed the minimum occupational wage rates in the cotton textile industry in Bombay State. Encouraged by the success of the standardization committee for the cotton textile industry, Government appointed a similar three-man committee for the engineering industry. In other trades, the Industrial Tribunals made rule-of-thumb awards, though occasionally assessors were called upon to make recommendations. In this connection, it will be of interest to quote an excerpt from the award of an Industrial Tribunal in the adjudication of the dispute between the Theatre Employees Union and the Metro Theatre, Bombay :

There are 15 ushers in the Company's employ who are now paid a salary ranging from Rs. 42 to Rs. 54 after a service of 1 to 3 years. The Union has asked for a scale of Rs. 60—5—135, whereas the Company has suggested a scale of Rs. 40—2—80. On a consideration of the nature of their duties, I would award to them a scale of Rs. 50—3—92.⁶⁸ It is clear that this award strikes a golden mean by the rule

⁶⁷ Government Notification in Part I-L of the *Bombay Government Gazette*, 19 November 1947.

⁶⁸ *Bombay Government Gazette Extraordinary*, Part I, 27 September 1948, p. 4343.

of thumb. There are many other arbitral awards given more or less in the same manner. These wage fixations have all the elements of arbitrariness. Yet, they restore "industrial peace" and govern the relations between employers and workers !

In the matter of overtime rates in the Ford Motor Company of India, the Industrial Tribunal ordered that the wage and salary rates for Sundays and holidays should be one and a half times the ordinary rates of pay.⁶⁹ It is inconceivable how the Tribunal could make such an order when the factory law then in force required that :

Where a worker in a non-seasonal factory works for more than nine hours in any day or for more than forty-eight hours in any week,— — ——he shall be entitled in respect of the overtime worked to pay at the rate of twice his ordinary rate of pay.⁷⁰

Again, in the dispute between Andheri-Kurla Bus Service and their workmen, the Industrial Tribunal ordered one and a half times the ordinary rate of pay for work done overtime beyond the standard hours provided by law.⁷¹

As the basic wage rates fixed by the arbitral awards usually referred to 1939 prices, there was justification in awarding dearness allowance to offset in part at least the rises in the cost of living. In the case of the cotton textile industry in Bombay, the Industrial Court linked wages to the cost of living index, so that the workers would get a dearness allowance which would neutralize 90 per cent of the rises in cost of living relatively to 1939.⁷² The dearness allowance computed in this fashion, at any point of time, on the base

⁶⁹ *Bombay Government Gazette*, Part I, Notifications, 19 November 1947.

⁷⁰ Factories Act, 1934, Section 47(1).

⁷¹ *Bombay Government Gazette*, Part I, Notifications, 16 August 1948.

⁷² A new Industrial Court award has altered this formula materially.

rate of Rs. 30 for 26 working days would be the quantum of allowance available to each worker, regardless of his own wage or salary. This method of dearness allowance computation was also found in the award given in the dispute between the Mazagaon Dock and their workmen. The same sliding scale was adopted in many other cases including those affecting the Ford Motor Company of India, Alcock Ashdown & Co., and three woollen mills in Bombay. This sliding scale system was adopted with modification in the Wage Board decision relating to silk mills in Bombay where the degree of neutralization was fixed at 67.5 per cent. Similarly in Zandu Pharmaceutical Works, the Industrial Tribunal awarded 75 per cent neutralization.

In several other awards, there was no linking of wages to cost of living index. Instead, there was either a differential rate or a flat rate of dearness allowance which had no relation to changes in the cost of living. In the case of a dispute between General Motors India and their workmen, the industrial tribunal fixed differential rates of dearness allowance which vary with the basic pay scales. Similar differential rates were awarded to the workers in certain construction companies in Bombay. Flat rates of dearness allowance were awarded to the sweepers and scavengers employed by the Bombay Municipality, to the workmen of the Andheri-Marol-Kurla Bus Service, and to the employees of Mackenzies.

The dominant principle governing dearness allowance rate fixation in Bombay has been the capacity of the industry to pay, while for basic wage fixation the principle has been the bio-social needs of the workers and the skill required for the performance of work. This is indeed a peculiar blending of the opposing principles of the living wage and the capacity of the industry to pay.

One of the most important issues which threatens industrial harmony now and then is the issue of "bonus." The annual bonuses have been *ex gratia* payments made by employers as an expression of goodwill in times of prosperity. Later, the question of bonus has been considered an adjudicable issue. The Bombay awards on bonus have not been so remarkable as those on basic wages and dearness allowance. The question of bonus ought not to be one that requires adjudication every year. Some permanent arrangement ought to be made. The trend of awards points to the conclusion that the annual bonus should be considered as a share of profits. If it can be accepted as a mode of profit sharing, well and good, some permanent profit sharing schemes should be put to work. Certainly, such a scheme would be very much better than the present unpredictable manner of awarding bonus. A classical instance of the demerits of the absence of any generally agreed comprehensible formula is found in the bonus cases in the cotton textile industry in Bombay. The bonus for the year 1948 was $4\frac{1}{2}$ months' basic pay ; and the bonus for the year 1949 was 2 months' basic pay, four mills being exempted from the award. Because of this difference, the textile workers struck work for over two months.

The arbitral awards in several cases have fixed rates of contribution to the provident fund. These awards have been primarily responsible for the introduction of provident fund schemes and the extension of such schemes to lower paid employees in many cases. In addition, the awards also provide for retirement gratuity, often expressed as so many months' pay for so many years of service.

Another matter which usually comes up for arbitration is the question of leave. The factory law provides for nearly

15 days' leave with pay per annum. In addition, the arbitral awards usually grant from 7 to 10 days of privilege leave and a sickness leave for about the same number of days. Actually, the awards grant some benefits over and above what the workers may already be getting. In other words, the employers have some system of "leave" which the arbitrators modify.

Sickness leave can be taken by the workers only in the event of sickness. In some cases, the award provides for full pay during sickness for a limited number of days. In others, the award provides for half pay during sickness. In the undertakings where full pay was granted during sickness, nearly all the employees made full use of the sick leave, while the actual incidence of sickness was considerably low. In another undertaking, where only half pay was granted during sickness, it was observed that there were hardly any *mala fide* cases of sick leave. This illustrates the need that the arbiter should have a profound insight into the system of human relations in industry.

The foregoing appraisal of arbitral awards reveals the significant fact that the compulsory adjudication system has achieved a twofold objective. It was instrumental in improving remuneration, working conditions, and the like, which are of the profoundest concern to the workers. It has also ensured relative peace in industry. The expression "relative peace" is used designedly because legal and illegal strikes and lockouts were in plenty during the period of compulsory adjudication, particularly in 1946 and 1947 and even in later years. During this period, however, the severity of strikes and lockouts would have probably exceeded all imaginable limits if there had been no restrictions on economic sanctions. The restriction of the right to strike and lockout and to bargain collectively is an essential feature of

the compulsory adjudication system. This brings us nearer to the political issues involved.

Political Implications

There is no law in the country today which prohibits economic sanctions in the industrial realm unqualifiedly. The laws relating to strikes and lockouts permit the use of these economic weapons, provided that certain conditions are satisfied.

First, "cooling off periods" are required by law for industrial disputes in public utility services. The public utility services according to the Central industrial disputes law are the following :

- a. Any railway service ;
- b. Any section of an industrial establishment, on the working of which the safety of the establishment or the workmen employed therein depends ;
- c. Any postal, telegraph, or telephone service ;
- d. Any industry which supplies power, light, or water to the public ;
- e. Any system of public conservancy or sanitation.⁷³

In addition to these services, Government is empowered to declare any or all of the following industries as public utility services for any periods not exceeding six months at any one time by notification in the official Gazette :

- a. Transport (other than railways) for the carriage of passengers or goods by land, water, or air ;
- b. Coal ;
- c. Cotton textiles ;
- d. Foodstuffs ;
- e. Iron and steel.⁷⁴

The law gives a very wide interpretation to the expression "public utility service" and, therefore, covers a wide range of industries some of which are not considered by economists

⁷³ Industrial Disputes Act, 1947, Section 2(n).

⁷⁴ Ibid., The Schedule appended to the Act, read with Section 2(n) (vi).

as public utilities. In all these industries and services enumerated above, as provided by law, no strike or lockout is permitted without giving fourteen days' clear notice to the employers or the workers as the case may be,⁷⁵ or after the expiry of six weeks from the date of giving such notice,⁷⁶ or before the expiry of the date of strike or lockout specified in such notice.⁷⁷ These restrictions, particularly the one that necessitates a notice of strike, are meant to prevent sporadic strikes for trifling reasons. The contention is that if cooling off periods are imposed by law, the chances are that on second thoughts the parties who give the notice will finally decide against their earlier impulsive decision to resort to economic sanctions provided that the issues involved are not of a serious character. Such legal restrictions are necessary in such services as communication, transport, electricity, water-supply and the like. But to include in the definition of public utilities such industries as coal mining, iron and steel, and cotton textiles, is certainly not justifiable.

Now let us take into consideration the more serious aspects of the restrictive governmental policy. Section 23 of the Central Industrial Disputes Act, 1947, under the caption "General Prohibition of Strikes and Lockouts," reads thus :

No workman who is employed in any industrial establishment shall go on strike in breach of contract and no employer of any such workman shall declare a lockout

- a. During the pendency of conciliation proceedings before a Board and seven days after the conclusion of such proceedings ;
- b. During the pendency of proceedings before a Tribunal and two months after the conclusion of such proceedings ; or
- c. During any period in which a settlement or award is in operation in respect of any of the matters covered by the settlement or award.

⁷⁵ Industrial Disputes Act, 1947, Section 22(1)(b) and (2)(b).

⁷⁶ Ibid., Section 22(1)(a) and (2)(a).

⁷⁷ Ibid., Section 22(1)(c) and (2)(c).

This general prohibition of strikes and lockouts is a concomitant, nay, an essential part of the compulsory adjudication system. However, this prohibition is applicable only in the event of a "breach of contract." The fact of employment implies a contract binding on the employer and the employee. In this broad sense, any strike or lockout can be interpreted to mean a breach of contract.

Probing more deeply into the provisions of section 23 of the Central Act, one finds that Government can, if it wants, leave no room for any strike or lockout. To illustrate, let us take a hypothetical case of industrial dispute. Messrs. X.Y.Z. was a manufacturing company employing 2500 workers. The A.B.C. Labour Union was the only union representing these workers. An industrial difference arose between the company and the union. The union officials felt that their negotiations with the company had failed and, consequently, decided to stage a strike. The union gave fourteen days' notice of strike. Just before the expiry of this period, Government referred the industrial dispute for conciliation. The conciliation officer took a month to terminate conciliation proceedings. As conciliation failed, the union officials wanted to call a strike, but they could not do so until the expiry of seven days from the conclusion of conciliation proceedings. Again, because of the invalidation of the notice of strike, owing to passage of time, they had to give another notice of strike. But before the workers got an opportunity to strike, the matter was referred to an industrial tribunal which took six months more to give its award. The period of operation of this award was twelve months. By now twenty months had already passed since the first notice of strike. Not being satisfied with the award the union officials wanted to stage the strike. Then the Minister of Labour issued a statement to the Press exhorting

the workers not to be led astray by disruptive elements in the trade union ranks and, subsequently, referred the matter again for conciliation and later for adjudication. This was a case where Government wanted that the workers should not be allowed to strike and succeeded in preventing the strike by use of State power.

It is clear from this case that no strike can take place within the bounds of law, except by sufferance of Government. There are indeed several cases of strikes where Government had not intervened, although it had power to intervene, but such cases usually involved fewer number of workmen. But when Government shows insistence in preventing a strike and when organized labour insists on conducting a strike, the only outcome can be an illegal strike. An illegal strike is fraught with serious consequences to the strikers and their leaders. The penalty for instigating an illegal strike is imprisonment for a term which may extend to six months, or fine which may extend to one thousand rupees, or both.⁷⁸ The penalty for a worker partaking in an "illegal strike is one month's imprisonment, or a fine of fifty rupees, or both."⁷⁹ All this is evidence of the wide powers with which the Government has armed itself.

The coercive power which Government derives from the Bombay Industrial Relations Act, 1946, is very much greater than under the Central Industrial Disputes Act, 1947. The difference between the State and Central Acts is purely one of degree and not of kind. The State law provides for more dilatory and long-drawn-out procedures for the settlement of industrial disputes and differences than the Central law. However, both the laws can cause interminable delay so that the disputing parties may be prevented from exercising economic sanctions without a breach of law.

⁷⁸ Industrial Disputes Act, 1947, Section 27.

⁷⁹ Ibid., Section 26(1).

In addition to the powers conferred by the industrial disputes law, the preventive detention law arms Government with much wider powers. The Central Preventive Detention Act has been a convenient weapon in the hands of Government to throw behind bars as many labour leaders as it considered necessary. All these laws have made the free life of strikers immensely difficult, even impossible.

The restrictions were first introduced during the perilous days of 1942, in the middle of the Second World War. As an emergency measure, the Defence of India Rules were then used to exercise the coercive authority of the State. Rule 81A of the Defence of India Rules and Section 49A of the Bombay Industrial Disputes Act were essentially wartime emergency measures. After the Second World War and after the Indian National Congress came into power, there was no similar national emergency. Yet, the Central Industrial Disputes Act, the Bombay Industrial Relations Act, and the Central Preventive Detention Act—all post-war laws—contain the essential ingredients of wartime control of the labour market. These laws are not emergency measures. They have all the permanence of any other law of the land. The coercive State authority has planted itself permanently in the labour field !

When the coercive State authority imposes proscription of economic sanctions in normal times, such proscription runs counter to fundamental rights in a free society. Laski says quite unambiguously : “ A free society cannot use proscription as a normal method without ceasing to be a free society.”⁸⁰ Since both in law and in practice Government is using proscription as the normal method of ensuring industrial peace, India cannot really be called a free society.

In this discussion it is useful to take cognizance of the distinction between jural and non-jural disputes. Jural disputes

⁸⁰ See Harold J. Laski: *Trade Unionism in the New Society*, p. 168.

are those industrial disputes concerning the interpretation of law or collective agreements. These jural disputes by their very nature deserve to be tackled in a way very different from other disputes. Jural disputes in India, it is true, have been very few when compared to the large number of non-jural disputes. Yet, the distinction is real ; and such distinction is necessary for a balanced appraisal of the present compulsory adjudication system.

Compulsory adjudication is not essentially an evil, even in normal peacetime economy. It is conceivably the best method of settling jural disputes satisfactorily. Points of interpretation of law or agreements ought not to be settled by haggling or bargaining. A negotiated settlement in a dispute relating to the interpretation of an agreement can only be a fresh agreement that replaces the earlier agreement before the end of its normal span of life. If the parties respect the agreements they sign, differences over the interpretation of agreements should be settled by the decision of an impartial tribunal, and not by a trial of strength. A real scope for trial of strength and collective bargaining is found in cases that are not jural. Non-jural disputes are those which are not concerned with the interpretation of collective agreements or points of law. They are, in other words, those disputes relating to new rights which either party may try to establish. Hence they offer sufficient room for negotiation and bargaining. However, it will be found necessary to retain the system of compulsory adjudication in the case of disputes in certain public utility services because stoppage of work in these services will entail immediate and acute difficulties for large sections of the general public. With the exception of such public utilities as electricity, water-supply and transport, non-jural disputes should generally be settled by collective bargaining which is preferable to compulsory adjudication

because it is more democratic. The compulsory adjudication system, as developed in this country, is virtually totalitarian and fundamentally inconsistent with international labour standards.

Our country did not ratify the two important international labour Conventions concerning industrial relations which were adopted by the International Labour Conference at its thirty-first and thirty-second sessions. These Conventions were the Freedom of Association and Protection of the Right to Organise Convention, 1948 (Convention No. 87), and the Right to Organise and Collective Bargaining Convention, 1949 (Convention No. 98). The countries which ratified both these Conventions were Austria, Cuba, Finland, France, Guatemala, Iceland, Pakistan, Sweden, and the United Kingdom. Belgium, Mexico, the Netherlands, and Norway ratified the Freedom of Association and Protection of the Right to Organise Convention, 1948. Brazil and Turkey ratified the Right to Organise and Collective Bargaining Convention, 1949.

The ratification of an international labour Convention is like the ratification of international treaties. Although there are several cases of countries which have taken no steps to apply a ratified Convention even after twenty years from the date of ratification,⁸¹ the Constitution of the International Labour Organisation provides that when a country ratifies a Convention, that country is bound by obligations to embody in its national law the provisions of the Convention. If India ratifies the two Conventions relating to industrial relations, the laws proscribing economic sanctions will have to be revoked and the compulsory adjudication system will have to be laid to rest.

The most powerful body of organized labour, the Indian

⁸¹ See *Industry and Labour*, Vol. 10, Nos. 1-2, 1 and 15 July 1953, p. 56.

National Trade Union Congress, is wedded to the compulsory adjudication system and is opposed to the exercise of economic sanctions. This policy is delineated by Gulzarilal Nanda in the following words : "An institution which preferred adjudication and arbitration to strikes and go-slow tactics, as the best means of solving labour problems, was the need of the hour."⁸²

It is patent that collective bargaining is not possible without the exercise of economic sanctions. A system which proscribes economic sanctions and imposes compulsory adjudication is in fact the antithesis of collective bargaining. If the I.N.T.U.C. supports a scheme which is a negation of collective bargaining and free industrial relations, it can only mean that the I.N.T.U.C. is opposed to industrial democracy and is favouring an ultra-authoritarian form of society.

The I.N.T.U.C. argues that labour is too weak to make use of collective bargaining and to exercise economic sanctions. This is too obtuse an argument to be correct. The cotton textile industry, for instance, has a very high degree of unionization. To state that the textile workers lack bargaining power is not true. Furthermore, the machinery of compulsory adjudication is largely applied to the industries where labour unionism is strong. The industries where labour organization has made no headway are given little consideration. The compulsory adjudication system and the restrictive law behind it are intended to put an end to labour problems in the most authoritarian fashion. Obviously, such a system bears ample testimony to the ability of organized labour, given the necessary freedom, to exercise economic sanctions effectively.

Certain speeches made by the new Central Labour Minister, V. V. Giri, throw some light on possible changes in labour

⁸² See Introduction to *The Indian National Trade Union Congress, A Review*, May 1949, p. 6.

relations law. It was indeed heartening to find that the new Minister wanted to alter the law and practice of labour relations so as to encourage collective bargaining and discourage compulsory adjudication, although the First Five Year Plan had endorsed the compulsory adjudication system. Indeed a system which proscribed economic sanctions in the industrial realm, a system which stifled the right to organize and bargain collectively, a system which was inconsistent with international labour standards, a system which was opposed to the canons of free society, should necessarily undergo drastic changes.

Industrial Harmony

HOW to build up and maintain harmony between the two principal factors of production, namely, capital and labour, is a crucial problem before us today. We have been striving to find a way out from the clash of interests characterizing present-day industrial relations. The emphasis in this concluding chapter on harmony in industrial relationships is significant, for we want an industrial society which could ensure spontaneous co-operation between management and men. It is well worth reminding ourselves here that the absence of strikes or other economic sanctions is not an adequate index of industrial harmony. It must also be remembered that industrial harmony cannot be achieved by sheer exercise of the coercive State authority. Industrial harmony cannot be enforced from outside ; it must rise voluntarily and spontaneously from within. Some real and tangible common interest, common to both capital and labour, is very necessary for the development of spontaneous co-operation.

Measurement of Industrial Disharmony

Industrial harmony is a positive concept. Its prime determinant is the morale of the workers in respect of teamwork in productive activity. However, it is difficult to measure the degree of harmony or disharmony in industrial relations.

Economic sanctions and labour turnover are, however, the two most important indexes of industrial disharmony.

TABLE 12·1—LABOUR TURNOVER IN RELATION TO ECONOMIC SANCTIONS, 53 MANUFACTURING UNDERTAKINGS,
BOMBAY, 1946 TO 1948

Industry Group	Annual Labour Separation Rate per Hundred Employees	
	In Establishments Affected by Economic Sanctions	In Establishments not Affected by Economic Sanctions
Public undertakings ...	3·8	5·4
Textile	65·2	77·5
Engineering	55·4	72·7
Other manufacturing	32·4	46·5
Weighted average ...	41·2	59·7

Source: Sample survey by the author.

The above table reveals significantly that the establishments which were not affected by economic sanctions record higher labour turnover rates than those affected by economic sanctions. This observation is true for all industries together and for each group separately.

It may also be observed that economic sanction severity rates are likely to be less when there is a high degree of labour turnover. The reason for this is twofold. First, labour feels a lesser need for economic sanctions when voluntary inter-firm mobility is possible. If the workers cannot move freely from one job to another and obtain better alternative employment, then alone will they feel impelled to stay on where they are and exercise economic sanctions and bargain

collectively. Secondly, successful group action becomes difficult when there is a greater labour turnover. *Esprit de corps* and loyalty to the group are less likely to develop in a kaleidoscopic workforce. Therefore, labour organization becomes difficult and economic sanctions cannot successfully be applied.

This, however, does not mean that a situation of fewer strikes and greater labour turnover is in any way a satisfactory one. For high labour turnover is harmful to the prosperity of an undertaking as much as economic sanctions are. The reason for this is threefold. First, the very fact that group action and *esprit de corps* are absent in a work team owing to its kaleidoscopic character makes it difficult for such a team to work in spontaneous co-operation so as to achieve an ever-improving production record. Secondly, there is a more direct financial waste on account of the constant flux and change in the workforce which requires training up of new workers to fill in positions rendered vacant. Thirdly, labour turnover itself is an index of industrial unrest. As shown in the chapter on personnel mobility, 85 per cent of the labour turnover the occasioned by quits. Workers resign and leave an undertaking because of dissatisfaction. The constant flux and change characterizing the workforce positively indicates poor worker-management relations.

Like economic sanctions and labour turnover, absenteeism too is an index of industrial disharmony. One of the principal causes of absenteeism is employee dissatisfaction. As much as regular attendance and alertness on the job are indexes of harmonious relations, absenteeism and tardiness are indicative of industrial disharmony. Furthermore, team spirit and spontaneous co-operation are jeopardized in the face of absenteeism because the changing substitute workers

are not capable of adapting quickly to their new work environment.

TABLE 12·2—ABSENTEEISM, SEPARATIONS, AND ECONOMIC SANCTIONS, 53 MANUFACTURING UNDERTAKINGS, BOMBAY, 1946 TO 1948

Industry Group	Annual Rate per Hundred Employees		
	Absenteeism Severity (man-days)	Separation Frequency (number)	Economic Sanction Severity (man-days)
Public undertakings ...	3,278	5.3	3
Textiles	1,807	72·2	310
Engineering	2,050	67·9	249
Other manufacturing	1,713	37·8	160
Weighted average ...	1,899	51·3	204

Source: Sample survey by the author.

The facts presented in Table 12.2 permit us to compare absenteeism rates with the other two major indexes of industrial disharmony, viz., labour turnover and economic sanctions. On glancing through the table, what stares glaringly in the face is the enormous proportions of absenteeism relatively to labour separations and economic sanctions. Although absenteeism does not necessarily involve production hold-ups, absenteeism rates are more than nine times the economic sanction severity rates. This shows that absenteeism is quite as important a problem in industrial relations as economic sanctions are.

The other indexes of industrial disharmony are poor productive efficiency, and high frequencies of accidents, breaches of discipline, industrial crimes, and complaints and

grievances.⁸³ The available quantitative and qualitative information on these indexes is not comparable to that in respect of absenteeism, labour turnover, and economic sanctions.

An accurate measurement of industrial disharmony is, therefore, difficult. Yet, examining the figures in Table 12.2, one can arrive at the following inferences. The textile and engineering industries have more of industrial unrest than all the other industries ; actually the textile industry has more of it than the engineering industry. This is largely the result of worker-concentration which is discussed in the chapter on economic sanctions. A greater degree of worker-concentration is obtained in the textile industry than in the engineering industry. The engineering industry, in turn has a higher worker-concentration than the other manufacturing industries. The depersonalization of worker-management relationship which is a direct result of worker-concentration is, therefore, at the root of industrial discontent.

Table 12.2 also shows that in public undertakings, there is very little of labour turnover and hardly any economic sanction. The higher wage levels in these undertakings partly account for this apparently stable industrial relations. This may, perhaps, lead us to believe that industrial discontent is the least in the public enterprises. Any such assertion is partly offset when we find that absenteeism rates are the highest in public undertakings. This is largely because of the lenient attitude of the managers of public enterprises.

The foregoing analysis, howsoever imperfect, illustrates the possibility of assessing relatively, if not absolutely, the degree of disharmony in industrial relations as between different industries. Likewise, comparative analyses can be made in regard to industrial disharmony in different undertakings, different places, and different periods of time.

⁸³ These are discussed in the chapter on inter-personal relations.

Can the State Enforce Industrial Harmony ?

Industrial harmony is something much more than industrial peace. While peace is the absence of conflict, harmony is the presence of voluntary and spontaneous co-operation. What is required in the industrial society is harmony which is a *positive* characteristic. Prevention of industrial strife through authoritarian methods is of very doubtful value.

"Harmony," says Hubert Somervell, "can find less and less expression while authoritarianism reigns, even when tempered with benevolence."⁸⁴ An undemocratic State, be it not wholly totalitarian, is likely to use the coercive State authority to maintain "order" in the economic realm. This coercive State authority is used to proscribe economic sanctions in India. The prohibition or proscription of strikes, as a means of achieving industrial harmony, is worse than futile in normal times. For the strike is only one of the manifestations of industrial disharmony.

By just asking the workers not to strike or by forcing them not to strike, no one can cure the disharmony in the relationship between labour and management. The coercive authority of the State can ruthlessly put down strikes and other overt agitations. In doing so, the State directs its power and energies to destroying something which is only a symptom of industrial disharmony. The fundamental disease which is disharmony itself can and does have more than one symptom, more than one manifestation. Therefore, when workers are merely prevented from expressing their dissatisfaction through concerted cessation of work, they do not automatically become happy. On the contrary, by choking this means of self-expression the workers are only left more bitter at heart. Thus if one outlet is blocked, the dissatisfaction will manifest itself in other forms. Strikes, labour turnover,

⁸⁴ Hubert Somervell: *Industrial Peace in Our Time*, p. 52.

absenteeism, etc., are in fact strategic variables having between them an inverse functional correlation. When strikes are no longer possible, other manifestations of disharmony become more acute. Therefore, the belief that authoritarian proscription of strikes is conducive to industrial harmony is fallacious, save in times of real emergency.

If the slogans like "emergency," "crisis," "drive," are used by the members of Government as a normal method of enlisting the co-operation of workers, sooner or later, lack of response will be inevitable. "It is relatively easy," says Elton Mayo, "to persuade a people to co-operate in the face of a serious emergency ; but the emergency must be an obvious reality, as in England during the war, and not a political contrivance."⁸⁵ The "heroic" method which syncopates the freedom of industrial relations, in the face of lack of effective response, is destined to founder ultimately. In such a situation all the pent up industrial dissatisfaction will manifest itself in dangerous forms shaking the authoritarian State to its foundations. Therefore, a policy of blocking the normal outlets of employee discontent is ill advised.

The highly authoritarian pattern of State intervention is a travesty of industrial democracy. Industrial democracy is the autonomous government of industrial relations by both labour and capital on a basis of equality. In a system of industrial relations which is governed by the compulsory adjudication of conflicts of interests and by the proscription of economic sanctions, there is no scope for collective bargaining or industrial democracy. The present system is not only a negation of industrial democracy but also a force that will prevent the development of industrial democracy.

The State cannot impose industrial harmony ; it can at best create conditions necessary for and favourable to indus-

⁸⁵ Elton Mayo: *The Social Problems of an Industrial Civilization*, p. 119.

trial harmony. It can do a good deed by maintaining the balance of power between capital and labour. It can lay down certain "rules of the game" which both capital and labour should obey. Since, as Green says, "Will, not force, is the basis of the State,"⁸⁶ the State should follow the civilian method and not the military or heroic method.

In discussing the role of the State in industrial relations, we should examine the possible effect of nationalization of industries. If the workers are politically conscious and are aware of their social responsibility, they are likely to co-operate easily with the management in a nationalized industry. But nationalization will ordinarily mean also the centralized control and operation of the production process which entail the honeycombing of workers and the consequent danger of depersonalized worker-management relations. In other words, the character of worker-management relations in the giant State enterprises cannot be far different from that in the huge business corporations. Therefore, nationalization cannot be offered as a panacea for industrial disharmony.

In fact, small scale production is advantageous from the point of view of industrial harmony. But the dissolution of large scale industries is not feasible or desirable. We cannot shut ourselves in and revert to mediaeval methods of production. Moreover, the possible economies accruing from large scale production are not worth sacrificing for industrial harmony, more so, when industrial harmony can be achieved without this sacrifice. We must devise the ways and means of achieving industrial harmony adaptable to the technological progress we have achieved.

Industrial disharmony is the aftermath of the industrial revolution. The vast technological progress in industrial pro-

⁸⁶ T. H. Green: *The Principles of Political Obligation*, p. 121.

duction was followed by the development of bitter employer-employee relations. The human factor received negligible attention at the hands of the captains of industry who considered industrial conflict as an inevitable concomitant of technological change. Now, therefore, top managements should give greater care and attention to their personnel problems. The belief in the inevitability of industrial conflicts should give place to the hope of resolving them.

Achievement of Industrial Harmony

To resolve industrial conflicts and achieve industrial harmony, managements will have to play an increasingly dominant role while adapting themselves to the changing social order. The irony of the situation is that most managements think they are doing the best they can to have cordial relations with workers. A general complaint is against the presence of union agitators, some of whom are political adventurists. The managers throw up their hands in despair when organized labour cannot be appeased by any number of concessions.

Yet, the policy of appeasement appears to be the universal policy adopted by managements. They succeed in appeasing workers by certain concessions for the time being. But eventually the workers forget the concessions they gained and ask for more concessions. The union officials too find it suitable to their strategy to demand "more and ever more wages." Thus a policy of appeasement poses an eternal problem. This peculiar character of collective bargaining nullifies the advantages of appeasement. A policy of appeasement, if unaccompanied by a plan for building up labour-management relations on a surer basis, will fail to maintain industrial peace over a long period. However, in a compulsory adjudication system it is possible to forbid the exercise of economic sanctions ; but the State cannot banish industrial disharmony by police, legal, judicial, or quasi-judicial action.

A concomitant of the policy of appeasement is the policy of organizing welfare services for the workers. The forces that motivate welfare services may be different in different undertakings. If the motivation of welfare activities in any undertaking is the winning of the spontaneous co-operation of the workers, that undertaking is on the right path. Other motivations such as controlling workers with an iron hand and stopping increments in remuneration are hindrances to industrial harmony. As concluded in the chapter on labour welfare services, employer-sponsored welfare programmes should be directed to enable or induce the workers to put in work under less pressure and to enlist spontaneity of co-operation.

Spontaneous co-operation of the employees of an undertaking is the proof of a successful personnel policy. Such spontaneity mirrors harmonious industrial relations. Not only should the relationship between rank-and-file workers and first-line supervisors be harmonious, but the *esprit de corps* should pervade the entire organizational structure. In achieving this ideal of employment relationships, welfare programmes play only a minor role.

It is the "making and re-making" of work teams that is most important in employment relations. This is hardly realized by most of the decision-making and policy-making authorities. Many captains of industry have shown an utter lack of perspective and imagination in designing their personnel policies. Usually, top managements relegate the responsibility of industrial relations to labour officers who do not wield sufficient powers. Top managements themselves do not devote adequate attention to industrial relation problems. The supreme importance of making efficient work teams ought not to be lost sight of by top managements who

should act readily on analysing the manifestations of industrial disharmony.

Useful welfare programmes, attractive working conditions, appropriate hours of work, and satisfactory remuneration will all be helpful in the building up of sound worker-management relations. Further, a well organized and efficiently run labour union, if it is properly handled, will prove a stabilizing force in industrial relations. Management-labour joint consultation and the sharing of information with the employees will be necessary, without which mutual understanding cannot be accomplished. If the management desires to meet the demands made by the workers but finds itself circumscribed by the limitations of finance or other difficulties, the only way to make the workers convinced of these limitations is by sharing the information with them. If the management can win the confidence of workers and those who represent them and if such confidence is not abused, the groundwork is prepared for harmonious industrial relations. Then the conflict of interests will gradually give place to a community of interests which alone is a sound basis on which industrial harmony could be built.

APPENDICES

NOTE ON THE RANDOM SAMPLE

**TABLE A·1—THE UNIVERSE AND THE SAMPLE OF FACTORIES
IN BOMBAY AND VICINITY, 1947**

Economic Sanction Severity	Rate per Employee (days)	Industry Group					Total
		Public Undertakings	Textiles	Engineering	Manufacturing		
Universe: Number of Factories							
0	17	70	255	394	736		
Below 6	4	36	26	33	99		
6 and below 12	15	32	10	8	65		
12 and below 25	0	19	14	11	44		
25 and above	1	6	9	12	28		
Total ...	37	160	314	458	972		
Sample: Number of Factories							
0	1	4	13	21	39		
Below 6	0	1	2	2	5		
6 and below 12	1	1	1	1	4		
12 and below 25	0	1	1	1	3		
25 and above	0	0	1	1	2		
Total ...	2	7	18	26	53		

Sources: Computed from the unpublished records at the Factory Inspectorate, Bombay, and the Directorate of Labour Information, Bombay. The sample survey, which is frequently referred to in this thesis, has been made on approved statistical lines. Table A.1 below summarizes the method used in the selection of the sample. The lower part of Table A.1 gives the distribution of

the sample which was selected for the first-hand investigation. The upper part of the table formed the universe from which the sample was selected. The bi-way distribution according to the industry group and the severity rate of economic sanctions was designed to help the stratification of the sample. Such stratification was found imperative owing to the highly heterogenous character of the universe.

To determine the size of the sample, an arbitrary ratio of one to every twenty factories (i.e. 5%) was fixed. Thus the stage was set for the selection of the stratified random sample. A random selection was made from each of the cells in the upper part of the above table with the help of Fisher's Random Numbers.¹ The representative character of the sample can be seen in Table A.2 by comparison with the universe. (The sample for the textile industry is slightly defective as it was impossible to obtain information from certain mills because of the obstructions created by that powerful collectivity of employers, the Bombay Millowners' Association).

TABLE A·2—COMPARISON OF THE SAMPLE WITH THE UNIVERSE

Industry Group		Universe (per cent)	Sample (per cent)
Public undertakings	...	...	4
Textiles	...	16	13
Engineering	...	32	34
Other manufacturing	...	48	49
	Total ...	100	100

Source: Computed from Table A.1 above.

The standard t test was applied to the sample to find

¹ R. A. Fisher and F. Yates: *Statistical Tables for Biological, Agricultural and Medical Research*, p. 90 et seqq.

out its validity. The values of t as computed for two major characteristics is given in Table A.3.

TABLE A·3—THE BALANCING OF THE SAMPLE

Characteristic	Mean of the Universe	Mean of the Sample	σ of the Sample	Value of t
Number of Workers	376	294	570	1·05
Remuneration (thousands of rupees)	323	254	463	1·09

$$\text{Note : } \sigma = \sqrt{\frac{\sum \chi^2}{n-1} - \frac{(\sum \chi)^2}{n(n-1)}} ; \quad t = \frac{|M-m|}{\frac{\sigma}{\sqrt{n}}}$$

where M is the mean of the universe, m is the mean of the sample, σ is the standard deviation of the sample, and n is the number of units in the sample.

Source : Computed from unpublished records at the Factory Inspectorate, Bombay.

There is general agreement among statisticians that when the value of t in respect of major characteristics is less than 2, the sample can be considered a balanced one. That the value of t is less than 2 for the major characteristics in Table A.3 enables us to build up legitimate generalizations from the facts relating to the sample.

QUESTIONNAIRE

A. INTRODUCTORY

1. Name of Establishment.
2. Name of Proprietor or Managing Agent.
3. Nature of business or work carried on.

B. HISTORY

1. When started ? Sponsors in the beginning.
2. Outline the growth in terms of workforce, machinery, capital etc.
3. Type of present ownership.

C. ORGANIZATION

1. Give an organization chart. Sections handling labour matters. Size of staff in each section. Extent of authority and responsibility.
2. Systems of files, records, and forms.

D. COLLECTIVE BARGAINING

1. Is your undertaking a member of any employers' associations ? If yes, name them. Powers and responsibilities vested in the associations.
2. Names of labour unions working among your workers.
3. Policy as to contacts and co-operation with unions.
4. Individual and collective grievances. How met ?
5. Any collective agreement or standing orders ? Any scheme of employee representation ? Any works councils ?
6. Methods followed in settling disputes internally.

E. EMPLOYMENT

1. Distribution of workforce according to skill and status.
2. Contractual relationship with workers in varying status, i.e., permanent, temporary, casual etc. Rights and privileges of each category.
3. Any systematic job analysis and job specification ?
4. Methods of selection. Procedure of recruitment.
5. What factors/characteristics do you take into consideration at the time of selection ? Do you give any tests ?
6. Sources of supply of labour.
7. Any organized training at the time of or soon after recruitment ? Any follow-up system ?
8. Are the time-rated workers rated hourly, daily or monthly ?
9. Number and earnings of piece- and time-rated workers by skill.

F. PROMOTIONS AND SEPARATIONS

1. Bases of promotions. Any open promotion policy ? Any graded or time-scale promotion ?
2. Bases of transfers.
3. Procedure of discharge. Causes of discharges. Any dismissal wages ?
4. Any compensation for laid off workers ? Effect on service record if worker is laid off temporarily. Causes of lay-offs.
5. Causes of voluntary separations, absenteeism, and tardiness.

G. WAGES

1. What is the wage period ? Are wages paid directly or through jobbers or contractors ?
2. Are wage rates and grades fixed ? Attach a schedule of basic wage rates and grades.
3. What considerations did you take into account in setting a general wage level for different occupations and in determining individual variations ?
4. Are allowances and bonuses fixed ? Rules for the same. Any profit sharing or co-partnership schemes ?

H. WORKING CONDITIONS

1. Period of change-over of shifts.
2. Rules of leave and holidays.
3. Is your factory air-conditioned, part or whole ? Is the workplace fitted with fans ?
4. Any information regarding area, illumination, ventilation, temperature, humidity, noise, and vibration ?
5. Is the canteen run by contractor or by management? Types of food served and the rates.
6. Reduction in hazards to life and co-operation of employees in accident prevention.

I. MISCELLANEOUS

1. Details about indiscipline and violent behaviour.
2. Quantity of output per annum.
3. Causes of involuntary stoppage of work.
4. What do you consider the main justification of your labour and/or welfare department ?

J. STATISTICAL SUPPLEMENT

1. WAGES

Item	1946	1947	1948
Average number of workers (excluding contract workers) ...			
Their total wages bill			
Number of contract workers ...			
Contract labour cost			

2. LABOUR TURNOVER

Item	1946 (number)	1947 (number)	1948 (number)
Retired or died			
Left voluntarily			
Laid off or retrenched			
Dismissed or discharged			

3. RECRUITMENT AND PROMOTION

Item	1946	1947	1948
No. of applicants			
Total number of vacancies filled ...			
Badli or casual recruits			
Promotions			
Transfers			

4. TIME WORKED

Item	1946	1947	1948
No. of days worked in the year ...			
No. of shifts per day			
No. of hours per shift			
Man-hours worked overtime ...			
Total man-days worked			

5. CAPITAL, PROFITS, PRODUCTION

Item	1946 (rupees)	1947 (rupees)	1948 (rupees)
Capital employed			
Profits (excluding specific reserves)			
Gross value of output			

6. TIME LOSS

Cause	1946 (man-days)	1947 (man-days)	1948 (man-days)
Involuntary stoppages ...			
Accidents			
Sickness			
Voluntary absences ...			

196

7. LENGTH OF SERVICE

Length of Service at the End of Year	Number of Active Employees		
	1946	1947	1948
Under 1 month 			
1 month and under 3 months			
3 months and under 1 year			
1 year and under 5 years ...			
5 years and over 			

8. WELFARE SERVICES DURING 1946, 1947 AND 1948

9. INDUSTRIAL DISPUTES INVOLVING STOPPAGE OF WORK DURING 1946, 1947 AND 1948

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INDEX

Absenteeism, 57, 177
Accidents, 178
Adjudication, 13, 156
Alcock Ashdown & Co., 163
All-India Industrial Tribunal (Bank Disputes), 158
All-India Organisation of Industrial Employers, 121
All-India Trade Union Congress, 108, 111, 112n, 117, 118
Air movement, 24
Andheri-Marol-Kurla Bus Service, 162, 163
Appeasement, policy of, 183
Arbitration cases, 152
Atkins, W. E., 56
Attitudes and reactions, prediction of, 106.
Badli system, 67
Balance of power, 182
Bargaining strength, 137
Binny and Company, 16
Bombay, Electric Supply and Transport Undertaking, 131, 133, 147
Industrial Disputes Act, 149, 151, 170
Industrial Relations Act, 46, 128, 131, 132, 134, 135, 146, 147, 150, 151, 156, 169
Industrial Relations (Amendment) Act, 142
Industrial Relations Bill, Objects and Reasons, 146
Municipality, 33, 163
Port Trust, 33
Wage Board Rules, 145
Boards of Conciliation, 134
Bonus, profit-sharing, 15, 164
Brown, Clarence W., 24n
Bose, Subhas Chandra, 4
Cash benefits, 33, 36
Canteens, 34
Capacity of the industry to pay, 163
Central, Advisory Council for Labour, 125
Advisory Council of Industries, 125.
Railway Hospital, 64
Chakrabarti, M. C., 104n
Coal mining, 114
Code of Civil Procedure, 157, 160
Collective bargaining, 7, 13, 119, 171
relations, 122
Community welfare, 38
Compulsory adjudication system, 141, 181, 183
political implications of, 166
Compulsory arbitration, 109, 138
Complaints and grievances, 55, 133, 178
Conflict of interests, 11, 121
Conciliation, 131, 133
Cooling off periods, 167
Cost of living index, 13
Cotton textile, industry, 10, 11, 13, 67, 69, 78, 143, 144, 160, 161, 162, 164, 173

labour de casualisation scheme, 69

Courts of Enquiry, 134

Creche, 34

Dearness allowance rates, 13

Decision making, 45

Defence of India, Act, 102, 107
Rules, 107, 150, 170

Discipline, 51, 178

Douglas, Paul H., 75

Economic, climate, 106
sanctions, 4, 7, 88, 139, 176, 178, 183

Efficiency experts, 21

Employee, morale, 69
discontent, 109, 181

Employer associations, 6, 120

Employer's financial limitations, 9

Employers' Federation of India, 121

Employment, 50, 74, 108
exchanges, 69
relations, 4, 18, 119, 184

Engineering industry, 161, 179

Executives, 47

Exit interview, 83

Factories Act, 23, 28, 34

Fair wage, 11

Fair wages, Committee on, 126

Five Year Plan, First, 174

Florence, P. S., 21

Ford Motor Company of India, 162, 163

Fox, John, 57

Free society, 170

Freedom of Association and Protection of the Right to Organise Convention, 172

Gandhi, Mahatma, 3, 107, 117

General Motors, 163

Ghiselli, Edwin E., 24

Giri, V. V., 117, 173

Government, of Bombay, 39, 126, 133
Central, 125, 133, 158

Grain shop, 35

Green, T. H., 182

Grievances, 100, 179

Group attendance, 68

Hare, A. E. C., 74

High Court of Judicature, Bombay, 151

Hill, Lee, 65

Hind, Mazdoor Panchayat, 118
Mazdoor Sabha, 118, 146

Hopkins, William, 21

Housing, 33, 39

Hours of Work, 18, 185

Humidity, 24

Illumination, 23

Illegal changes, 148

Imperial Chemical Industries, 161

Incentives, 14

Incompetence, 48

Indian, Federation of Labour, 117, 118
Government, 19
Labour Conference, 125
National Congress, 107, 170
National Trade Union Congress, 108, 117, 140, 145, 146, 173
Trade Union Federation, 116
Trade Union's Act, 116

Industrial, assaults, 50
awards, appraisal of, 160
changes, 156
committees, 125

conflicts, 183
 costs, 10
 Court, Bombay, 46, 134, 142, 143, 144, 146, 148, 149, 159
 crime, 178
 democracy, 124, 181
 differences, 10
 discontent, 66, 73, 154
 disharmony, 3, 73, 175, 180
 dispute, a hypothetical case of, 168
 Disputes Act, 108, 127, 131, 150, 156, 157, 169
 Disputes (Appellate Tribunal) Act, 159
 Employment (Standing Orders) Act, 46
 fatigue, 20, 73
 Fatigue Research Board, British, 24, 25n
 harmony, 175
 labour force, 96
 matters, 134, 144, 147
 peace, 180
 policy, a resolution on, 125
 relations, 1, 93, 124, 172
 revolution, 182
 tribunal, 142, 156
 Truce, 109, 125
 welfare, 40
 worker, 9
 Industries Conference, 125
 Inter-firm mobility, 176
 Inter-personal relations, 8, 44
 Inter-union rivalry, 116
 International Labour, Conference, 172
 Organisation, 125, 172
 Job evaluation, 12-13, 84
 Jobber system, 2-3
 Joint, committee, 128
 consultation, 89, 127, 185
 Jural disputes, 170
 Jute Mills' Association, Indian, 120
 Labour, accession, 75
 Advisory Board, Bombay State, 126
 Appellate Tribunal of India, 142, 150, 151, 158
 courts, 134, 142, 146
 Investigation Committee, 19n, 28, 39, 73, 74, 81, 96
 market, 70, 170
 officers, 132, 184
 organization, 6, 96, 177
 productivity, 10-11
 relations, 4, 92
 replacement, 75
 separation, 75, 176
 strike, 7
 turnover, 3, 66, 74, 176
 unions, 4, 20, 88, 111, 154, 185
 welfare centres, 40
 Labour-saving devices, 10
 Labour-management relations, 93, 183
 Laski, Harold J., 170
 Lasswell, H. D., 56
 Leave, 164
 Legislative Assembly, Bombay, 127
 Lockouts, 88, 135, 147, 165
 Mackenzies, 163
 Madras Textile Labour Union, 111
 Mayo, Elton, 53, 57, 181
 Mazagaon Dock, 163
 Mediation, 131

Medical aid, 32, 73
 Metro Theatre, Bombay, 161
 Mill, Mazdoor Sabha, 109
 Mazdoor Sangh, 109
 Millowners' Association, Bom-
 bay, 120, 122
 Ministry of Labour, 58, 158
 Mobility of Labour, 2, 70, 74
 Montague, E. S., 3n
 Morale, 56
 Mutual agreement, 148, 156
 Myres, Charles S., 25n
 Nanda, Gulzarilal, 173
 Nationalization, 182
 Nehru, Jawaharlal, 4
 Noise, 25
 Non-jural disputes, 171
 Organizational instability, 69
 Organized labour, 17, 45, 183
 Output, 21
 Panandikar, S. G., 28
 Parliament, 157
 Patel, Vallabhbhai, 4
 Patwari, P. B., 129
 Personnel, mobility, 74
 mobility, intra-firm, 85
 policy, 184
 relations, 4, 51
 Physical work environment, 22
 Policy making, 44
 Political parties, 121
 Preventive Detention Act, 101-
 102, 135, 170
 Prices, 10, 107
 Production, 67, 182
 Productive efficiency, 3, 178
 Profit sharing, 16, 164
 Profit Sharing, Committee on,
 126
 Profits, 30
 Promotions, 85
 Provident fund, 36, 164
 Public Health Service, U.S., 59
 undertakings, 179
 utility services, 166, 171
 Punekar, S. D., 112n, 114n, 116n
 Quits, 177
 Real wages, 13
 Recreation, 34
 Remuneration for work, 9, 138,
 160, 185
 Representative unions, 145
 Resettlement and Employment,
 Directorate-General of, 69
 Richardson, J. H., 27, 28, 143
 Right to Organise and Collective
 Bargaining Convention, 172
 Royal Commission on Labour
 in India, 125
 Rule making, 45
 Scott, Jerome, 57
 Selekman, Benjamin M., 55
 Sells, Dorothy, 143
 Shiva Rao, B., 3n
 Shop steward system, 84
 Silk textile industry, 146
 Sit-down strike, 89
 Skill, degree of, 67
 Slow down, 22
 Somervell, Hubert, 180
 Spontaneous co-operation, 175,
 184
 Standing orders, 46, 147
 State, coercive authority of the,
 170, 180,
 intervention, 7, 46, 89, 136,
 142, 181
 Statistical tests, 104n
 Statistics, official, 116
 Strikes, 88, 165

- illegal, 135, 147, 169
- prohibition of, 167
- proscription of, 180
- Subsidiary wages, 13
- Substitute workers, 67
- Supreme Court of India, 151, 159n
- Tardiness, 177
- Tata Iron & Steel Company, 15
- Team work, 52
- Technological progress, 182
- Temperature, 24
- Theatre Employees' Union, 161
- Time and motion study, 10
- Trade boards, British, 143
- Trade unionism, 3, 93, 115
- Training, 49
- Transfer, 86
- Tripartite, agreement, 69
 - consultation, 125
- Unemployment, fear of, 69
- Union recognition, 100
- Union-management relations, 30, 107, 111
- Unionization, degree of, 113
- United Trade Union Congress, 118
- Unskilled worker, 13
- Vakil, C. N., 160
- Vartak, M. N., 104n
- Ventilation, 24
- Wage boards, 142
- Wages, 11, 42, 84, 100, 179
- War psychology, 107
- Welfare, 27, 184
- Western Electric Company, 54
- Woodbury, R. M., 95
- Work teams, 68, 73, 184
- Worker-concentration, 102, 179
- Worker-management, contacts, 8
 - relations, 18, 46, 179, 182
- Workers, bargaining power of, 96
- Working conditions, 18, 185
- Works committees, 127
- Zandu Pharmaceutical Works, 163